पंजीकृत कार्यालय तथा फैक्टरी : पो. ऑ. रसायनी, जिला रायगड, महाराष्ट्र,
टेलीफोन / Tel. : 91 - 02192 - 258500 / 01 / 02 फैक्स / Fax : 91-02192-258503
Regd. Office & Factory : P. O. Rasayani, Dist. Raigad, Maharashtra, India, PIN - 410 207.
Website : www.hocl.gov.in

हिन्दुस्तान ऑर्गेनिक केमिकल्स लिमिटेड CIN: L99999MH1960GOI011895
(भारत सरकार का उद्यम)
HINDUSTAN ORGANIC CHEMICALS LIMITED
(A Govt. of India Enterprise)

HOC/SEC/BSE/57th AR/2018/14.9/11

Date: 4th September, 2018

To

Bombay Stock Exchange Ltd.,
25th Floor, DCS- CRD,
Pheroze Jeejeebhoy Towers,
MUMBAI – 400 023.

FAX No. : 022 –2723121/3719/2037/2039/2041

Kind Attn. : Mr. Khushro Bulsara / Abhijit Pai,
Sr.GM, Listing Compliance / AGM, L.C.

Dear Sirs,

**Sub. : Filing of HOCL 57th Annual Report- 2017-18 with BSE.**
Ref. : Regulation Nos.: 34(1) & other relevant Regulations of LODRRs.

In compliance with Regn.34(1) and other applicable Regulations [if any], please find enclosed herewith the 57th Annual Report - 2017-18 of our Company viz. Hindustan Organic Chemicals Ltd. [HOCL], for the records of the Exchange (BSE).

Kindly take the same on your records in compliance with Regulation Nos. 34(1) & other applicable Regulations of LODRRs.

Thanking you,
Yours faithfully,
***For Hindustan Organic Chemicals Ltd.,***

***( Mrs. Susheela S. Kulkarni )***
***Company Secretary***
Encl.: as above

# 57th Annual Report
## 2017 - 2018

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# HINDUSTAN ORGANIC CHEMICALS LIMITED

CIN: L99999MH1960GOI011895

**HINDUSTAN ORGANIC CHEMICALS LIMITED [CIN L99999MH1960GOI011895]**

**AUDITORS**
**Statutory Auditors (FY 2017-18)**
**M/s M.B.Agrawal & Co.,**
Chartered Accountants,Mumbai

**Branch Auditors – Kochi Unit**
**M/s Ayyar & Cherian**
Chartered Accountants,Kochi

**COST AUDITORS (FY 2017-18)**
**M/s. BBS & Associates**
Kochi

**BANKERS**
State Bank of India

**REGISTRAR AND SHARE TRANSFER AGENTS**
**M/s. BIGSHARE SERVICES PVT. LTD.**
**(w.e.f. 01-04-2016 onwards)**
Registered Office : **Bigshare Services Pvt Ltd.**
1st Floor, Bharat Tin Works Building,
Opp. Vasant Oasis, Makwana Road, Marol,
Andheri (East),Mumbai 400059 Maharashtra.
Tel: 022 62638200
Fax : 022 62638299
Email: investor@bigshareonline.com

**CONTENTS**



**HINDUSTAN ORGANIC CHEMICALS LTD**. [CIN L99999MH1960GOI1011895]

**Regd.Office & Rasayani unit :**
Rasayani, Dist.Raigad,
Maharashtra, Pin - 410 20.
Tel : (02192) 258500-502
Fax : (02192) 258503
E-mail id : corporate.cs@hoclindia.com
grievances@hoclindia.com
Website : www.hoclindia.com

**Corporate Office Address:**
Office Nos. 401,402 & 403, 4th Floor,
“V- Times Square”, Plot No.3 ,Sector-15,
CBD, Belapur, Navi Mumbai- 400614.
Maharashtra. Contact Nos.: 022-27575268/69
E-mail id : corporate.cs@hoclindia.com
grievances@hoclindia.com
Website : www.hoclindia.com

**MANUFACTURING FACILITIES**
**KOCHI UNIT :**
Ambalamugal,
Dist. Ernakulam, Pin - 682 302.
Tel : (0484) 2720911 / 2720912 / 13
Fax : (0484) 2720893
E-mail : hindustanorganic@bsnl.in

**REGIONAL & MARKETING OFFICES DELHI :**
Core-6, Scope Complex,
1st Floor, Lodi Road,New Delhi - 110 003.
Tel : (011) 24361610 / 24364690 Fax : (011) 24360698

**Subsidiary Company**
**HINDUSTAN FLUOROCARBONS LTD.**
303, Babukhan Estate, Bashirbagh, Hyderabad - 500 001.
Tel : (040) 23241051 / 23237125. Fax : (040) 23296455
E-Mail : hiflonptfe@yahoo.co.in

## BOARD OF DIRECTORS

| | |
|---|---|
| **SHRI S.B. BHIDE** | Chairman & Managing Director (w.e.f. 05/10/2016) Additional charge of Director Finance (w.e.f. 08/02/2018) |
| **Ms. MEENAKSHI GUPTA, AS&FA** | Director (Govt. Nominee) (From 15/11/2016) |
| **SHRI SAMIR KUMAR BISWAS, JS** | Director (Govt. Nominee) (from 02/09/2015) |
| **Ms. PUSHPA TRIVEDI** | Independent Director (from 15/06/2016) |
| **Ms. LATA ALKER** | Independent Director (from 21/02/2017) |
| **SHRI MUKESH PAREEK** | Independent Director (from 21/02/2017) |
| **SMT. SUSHEELA S. KULKARNI** | Company Secretary |

## AUDIT COMMITTEE [A.C.] OF THE BOARD (Reconstituted w.e.f. 29-05-2017)

**Ms. PUSHPA TRIVEDI,**
Chairperson, Audit Committee

**MS. LATA ALKER**
Member, Audit Committee

**SHRI MUKESH PAREEK**
Member, Audit Committee

**SMT.SUSHEELA S. KULKARNI, C.S.**
Secretary to Audit Committee

## SHARES/BONDS TRANSFER, SHARES/BONDS HOLDERS'/ INVESTORS' GRIEVANCES COMMITTEE

**SHRI S.B. BHIDE**
CMD , Chairman.

**SMT. SUSHEELA S. KULKARNI**
CS, Member & Secretary

## NOMINATION & REMUNERATION COMMITTEE (Constituted on 29-05-2017)

**SHRI MUKESH PAREEK**
Chairperson, N& R Committee

**MS. LATA ALKER**
Member, N&R Committee

**SMT.SUSHEELA S. KULKARNI, C.S.**
Secretary to the Committee

**Ms. PUSHPA TRIVEDI**
Member , N&R Committee

**Mr. S.B.Bhide, CMD**
Member, N & R Committee

## CORPORATE SOCIAL RESPONSIBILITY & S.D.COMMITTEE (Constituted on 12-09-2017)

**MS. LATA ALKER**
Chairperson, CSR&SD Committee

**SHRI MUKESH PAREEK**
Member, CSR&SD Committee

**SMT.SUSHEELA S. KULKARNI, C.S.**
Secretary to the CSR&SD Committee

**Ms. PUSHPA TRIVEDI**
Member , CSR&SD Committee

**Mr. S.B.Bhide, CMD**
Member, CSR&SD Committee

**NOTICE**

Notice is hereby given that the 57th Annual General Meeting (AGM) of the Members of the Company will be held on Wednesday, the 26th September, 2018 at 3.00 p.m. at RASRANG HALL, Dr. Kasbekar Park, Rasayani, Dist. Raigad, 410 207 to transact the following:-

**ORDINARY BUSINESS:**

To consider and to adopt the Standalone & Consolidated Audited Financial Statements comprising the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss for the year ended on that, Cash Flow Statement, Schedules and Notes to Accounts attached thereto, together with the Directors' Report and the Auditors' Report along with the Report of the Comptroller & Auditor General.

To re-appoint Shri Samir Kumar Biswas, J.S., as per GOI Order, who retires at this AGM and being eligible offers himself for re-appointment.

To re-appoint Ms. Meenakshi Gupta, AS&FA, as per GOI Order, who retires at this AGM and being eligible offers herself for re-appointment.

To approve the remuneration of

i. ₹1,75,000/- to be paid to M/s. M. B. Agrawal & Co., Chartered Accountants, Mumbai (Firm Registration Number [B00292] ) appointed as Statutory Auditor by C&AG for the Financial Year 2018-19; and

ii. ₹1,56,000/-to be paid to M/s.BSJ & Associates, Chartered Accountants, Kochi (Firm Registration Number [SR1972] ) appointed as Branch Auditor by C&AG for the Financial Year 2018-19 and to authorise and to ratify the actions of the Board of Directors of the Company to fix the other fees, if any, payable to the Statutory Auditors and /or Branch Auditors of the Company, for the Financial Year 2018-19.

**SPECIAL BUSINESS:**

**To consider and approve the appointment and remuneration of M/s. BBS& Associates, Cost Accountants, Kochi as Cost Auditors of Kochi Unit & as lead cost auditors of the Company for the FY 2018-19 and if thought fit to pass the following Resolution as an Ordinary Resolution:**

**"RESOLVED THAT pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014,** the Company hereby ratifies the remuneration of ₹ 42,000/- plus applicable taxes and ₹5,000/- towards out of pocket expenses for the financial year ending 31st March 2019 to M/s. BBS & Associates, Cost Accountants, Kochi (Firm Registration No. [17045]) as Cost Auditors of Kochi Unit & as lead Cost Auditors of the Company who were appointed to conduct cost records maintained by the Company for the Financial Year 2018-19.

**To consider and to approve the proposal of Shifting the Registered Office of the Company from Rasayani in the state of Maharashtra to Office at :401,402,403, 4th Floor, V Times Square, Plot No.3, Sector-15, CBD Belapur, Navi Mumbai, 400614, also in the state of Maharashtra and if thought fit to pass the following Resolution as an Ordinary Resolution:**

**"RESOLVED THAT** pursuant to provisions of Sections 12 and other applicable provisions of the Companies Act, 2013 ("the Act"), read with relevant rules (including any statutory modification(s) or re-enactment thereof for the time being in force), consent of the Members be and is hereby accorded to shift the Registered Office of the Company from P.O. Rasayani, Panvel Taluka, District Raigad, PIN-410207, Maharashtra to HOCL, Office Nos. 401, 402, 403, 4th Floor, "V-TIMES SQUARE", Plot No.3, Sector-15, CBD, Belapur, Navi Mumbai,PIN-400614, Maharashtra within the jurisdiction of Registrar of Companies, Mumbai."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Chairman & Managing Director or the Company Secretary of the Company be and is hereby severally authorised, on behalf of the Company, to do all acts, deeds and things as may be deem necessary, proper or desirable and to sign, execute all necessary documents, applications and returns for purpose of giving effect to the above resolution and to file necessary forms with Ministry of Corporate Affairs (MCA) and /or Registrar of Companies (ROC), Mumbai."

**To consider and approve the proposal - To keep Company's Common Seal and other Records, various Registers, Books of Accounts, Copies of Returns, etc., at the Corporate Office of the Company at CBD, Belapur, Navi Mumbai or at the office of the Registrar and Share Transfer Agent at Mumbai. (i.e. place other than Registered Office, where the Company's Shares related Registers, returns and other documents/e-documents are kept) and if thought fit to pass the following Resolution as an Ordinary Resolution**

"**RESOLVED THAT** pursuant to provisions of Section 94(1) of the Companies Act, 2013 ("the Act") and all other applicable provisions of the Act and relevant Rules applicable, if any, the consent of the Members of the Company be and is hereby accorded to keep Company's Common Seal and other Records, various Registers, Books of Accounts, Copies of Returns, etc., the Register of Members and other registers/records to be maintained under Section 88(1) of the Act and copies of the Annual Returns filed under Section 92 of the Act at the Corporate Office of the Company situated at HOCL, Office Nos. 401, 402, 403, 4th Floor, "V-TIMES SQUARE", Plot No.3, Sector-15, CBD, Belapur, Navi Mumbai, PIN-400614 or at the office of Registrar and Share Transfer Agent at Mumbai. (i.e. place other than Registered Office where the Company's Shares related Registers, returns and other documents /e-documents are kept)" ;

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Chairman & Managing Director or the Company Secretary be and is hereby severally authorised to intimate to the Registrar of Companies and to do all such acts, deeds and things which are necessary for the purpose of giving effect to this Resolution."

**To consider and subject to Government approval to approve the proposal for Sale of HOCL land at Rasayani admeasuring 16800 Sq. ft. area situated at village Dapivali, Taluka Panvel, Dist. Raigad, to M/s Indian Oil Corporation Ltd. (IOCL) as '*as is where is basis'*, at consolidated sale amount of ₹ 75,00,000/- [for outright purchase of 16800/- Sq. ft. land by IOCL] and if though fit to pass the following Resolution as an Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Section 180 (1)(a) of the Companies Act, 2013 and other applicable provisions and Rules made thereunder and subject to approval of the Government, the approval of the Members be and is hereby accorded for the Sale of HOCL land at Rasayani admeasuring 16800 Sq. ft. situated at village Dapivali, Taluka Panvel, Dist. Raigad, to M/s Indian Oil Corporation Ltd. (IOCL) as '*as is where is basis'*, at consolidated sale amount of ₹ 75,00,000/- (Rupees Seventy-five lakhs only) [for outright purchase of 16800/- Sq. ft. land by IOCL]."

**"RESOLVED FURTHER** THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorised to do all such acts, deeds, matters and things, deal with such matters, take necessary steps in the matter as the Board may in its absolute discretion deem necessary, desirable or expedient and to settle any question that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the members and shareholders or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company including the Chairman and Managing Director or Mrs. Susheela S. Kulkarni, the Company Secretary or Mr. Rajesh Kumar, DGM (P&A, Hort.) of the Company be and are hereby authorized to take necessary steps in respect of sale of land at Rasayani to IOCL and authorized to take all such other related actions as may be required to give effect to these resolutions."

**By Order of the Board of**
***Hindustan Organic Chemicals Ltd.***

**Sd/-**
**(Susheela S.Kulkarni)**
***Company Secretary***
***[FCS 5145]***

**Place : Rasayani**
**Date : 10/08/2018**

**Registered Office :**
**P.O.Rasayani,**
**Dist.Raigad, Maharashtra 410 207.**

**NOTES** :

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

   **Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent [10%] of the total Share Capital of the Company carrying voting Rights may appoint a single person as proxy, who shall not act as proxy for any other Member.**

   **The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this report. Proxies submitted on behalf of limited companies, societies, etc. must be supported by an appropriate resolution / authority, as applicable.**

2. The explanatory statements pursuant to Section 102 of the Companies Act, 2013 in respect of Item Nos. 5, 6, 7 and 8 are appended to this Notice.

3. Members may also note that Bigshare Services Pvt. Ltd, the Company, Registrar and Transfer Agents have shifted their office with effect from June 27, 2017, to a new address as follows :

   Bigshare Services Pvt Ltd., 1st Floor, Bharat Tin Works Building, Opp. Vasant Oasis, Makwana Road, Marol, Andheri ( East), Mumbai 400059 , Maharashtra.

   Tel: 022 62638200, Fax : 022 62638299.

   Members can also correspond with the RTA at their email id: investor@bigshareonline.com Company [through RTA] will be sending communications with respect to below mentioned important points along with this 57th AGM Notice.

   **Important information:**

   i) Pursuant to SEBI circular SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated 20th April, 2018, shareholders holding shares in physical form whose folio do not have / have incomplete details with respect to PAN and bank particulars are mandatorily required to furnish the PAN and bank details to the Company / Registrar & Transfer Agent (RTA)

ii) SEBI Gazette Notification dated June 08, 2018, shares in physical form will not be transferred after December 05, 2018. Hence, in your interest, it is advised to get your shares dematerialised at the earliest.

4. The Register of Members and Share Transfer Books of the Company will remain closed **from Thursday, the 20th September, 2018 to Wednesday, the 26th September, 2018 (both days inclusive)**.
5. Members/Proxies should bring their attendance slip, duly filled in, at the meeting.
6. Members are requested to intimate immediately any change in their addresses registered with the Company, their PAN , KYC details immediately to the RTAs [as above in note no.3] as per RTA's letter attached to this 57th AGM Notice.
7. Members, who hold shares in the dematerialised form, are requested to bring their depository account number for identification.
8. As per Section 101 and 136 of the Companies Act, 2013 read together with the Rules made thereunder, electronic copies of the Annual Report 2017-2018 and the Notice of the 57th AGM are sent to all members whose email addresses are registered with the Company/Depository Participants(s). For members who have not registered their email addresses, physical copies of the Annual Report 2017-2018 and the Notice of the 57th AGM are sent in physical mode.
9. All documents referred to in the accompanying Notice and Explanatory statement shall be open for inspection at the Registered Office of the Company during the office hours on all working days up to the date of the Annual General Meeting of the Company.

**Voting through electronic means**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, and any amendments thereto, Secretarial Standard 2 on General Meetings ("SS-2") and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Members are informed that the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL)

**The instructions for members for voting electronically are as under:-**

All grievances connected with the facility for voting by electronic means may be addressed to Mr.Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (E), Mumbai – 400013, or send an email to helpdesk.evoting@cdslindia.com or call 1800225533.

**In case of members receiving e-mail / physical copy:**

(A) The voting period begins on Friday, the 21st September, 2018 at 09.00 a.m. and ends on Tuesday, the 25th September, 2018 5.00 p.m. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 20th September, 2018, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(B) Any person, who acquires shares of the Company and becomes member of the Company after 24th August, 2018, i.e. the date considered for dispatch of the notice and holding shares as of the cut-off date i.e. 20th September, 2018, and not updated their PAN may obtain the login ID and sequence number by sending a request at investor@bigshareonline.com

(i) Log on to the e-voting website www.evotingindia.com

(ii) Click on Shareholders/Members

(iii) Now Enter your User ID

a. For CDSL: 16 digits beneficiary ID,

b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,

c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

(iv) Next enter the Image Verification as displayed and Click on Login.

(v) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vi) If you are a first time user follow the steps given below:

| | For Members holding shares in Demat Form and Physical Form |
|---|---|
| PAN | Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)<br>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. This sequence number is given on the bottom of the attendance slip. |
| Dividend Bank Details OR Date of Birth (DOB) | • Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.<br>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv). |

(vii) After entering these details appropriately, click on "SUBMIT" tab.

(viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on the EVSN of "Hindustan Organic Chemicals Limited" on which you choose to vote.

(xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvi) If Demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xvii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to www.evotingindia.com and register themselves as Corporates.
- They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
- After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.

(C) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com under help section or write an email to helpdesk.evoting@cdslindia.com.

(D) The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility. The Facility for Voting at meeting venue shall be decided by the company through "Ballot Paper"

(E) The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

(F) The " remote e- voting " end time shall be 5:00 p.m. on the date preceding the date of Annual General Meeting.

(G) M/s.Kaushik Jhaveri &Co., Company Secretaries have been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.

(H) Alternatively Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to Kaushik Jhaveri (kaushikjhaverics1@gmail.com) and to Company at cs@hoclindia.com;

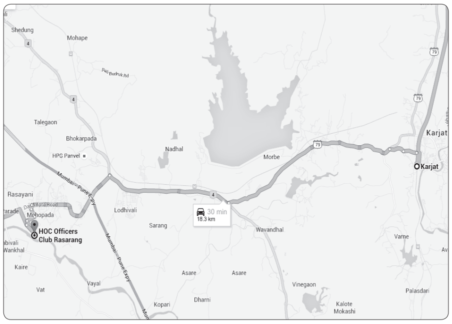
**Declaration of Results**

(I) The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the Annual General Meeting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

(J) The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company at www.hocl.gov.in and on the website of CDSL e-Voting immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to Stock Exchanges where the shares of the Company are listed, details of the voting results as required under Regulation 44(3) of the Listing Regulations.

(K) All grievances connected with the facility for voting by electronic means may be addressed to Mr.Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (E), Mumbai – 400013., or send an email to helpdesk.evoting@cdslindia.com or call 1800225533.

(L) The map for location of venue of AGM is given below.:




**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF COMPANIES ACT, 2013.**

**ITEM NO. 5 of the Notice**

In accordance with the provisions of Section 148 of the Companies Act, 2013 ("the Act") and the Companies (Audit and Auditors) Rules, 2014 ("the Rules) the Company is required to appoint Cost Auditors to audit the cost records of the Company for products and services specified under Rules issued in pursuance to the above Section.

The Cabinet Committee on Economic Affairs approved closing down of the operations of Rasayani Unit at its meeting held on 17-05-2017. As Kochi unit of the Company continues to be in operation, the Board decided at its meeting held on 29/05/2018 to appoint cost auditor for Kochi Unit of the company for the year 2018-19.

The Board of Directors of the Company approved the appointment of M/s. BBS & Associates, Cost Accountants, Kochi (Firm Registration No. [17045] as Cost Auditors of the Company to conduct cost audit of cost records maintained by the Company for the financial year 2018-19 at a remuneration of ₹ 42,000/- plus taxes and out of pocket expenses at ₹ 5,000/- for travelling, boarding/lodging, if any.

M/s. BBS & Associates, Cost Accountant have furnished certificates regarding their eligibility for appointment as Cost Auditors of the Company in accordance with the provisions of Section 148 of the Act, read with the Rules, the remuneration payable to the cost Auditor has to be ratified by the shareholders of the Company.

Accordingly, consent of the Members is sought for the said purpose.

The Directors recommend this resolution for approval of shareholders.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the Resolution as set out in Item 5 except to the extent of Shares held by them in their individual capacity.

**Item Nos.6 & 7 of the Notice**

**Resolution No.6**

i) In pursuance of the Govt. directions and with the prior approval of the shareholders of the Company, the operations of the Company's Rasayani Unit have closed down and consequently except CNA/N2O4 Plant al other plants have been disposed off and presently the company is in the process of sale of Land at Rasayani Unit etc., as per directions and approvals thereof.

ii) Further as per BPCL Officials earlier communications, recently some of the BPCL Officials have already occupied the Rasayani Office since mid of June, 2018 and they have also made necessary arrangements including engaging /deputing their separate security agency w.e.f. July, 2018 at the Rasayani factory area of land which was already sold to BPCL.

iii) Moreover, HOCL officials have also requested ISRO management to set up their required facilities and utilities etc. for their CNA Plant at the earliest and to take complete charge of CNA Plant as HOCL support services to ISRO [for their CNA Plant and manpower] would end in August, 2018.

iv) Accordingly the Board of Directors considering the fact that, as at present the transfer/ sale of Company's various properties at Rasayani Unit is in the process and therefore for administrative conveniences, as it is not only economical but also time saving in view of the present time constraints/time limits for pursuing the various scheduled Restructuring plans of HOCL as per Govt. directions and DPE Guidelines, the Board at their meeting held on 29-05-2018 recommended the proposal to shift Company's Registered Office to [Company's Corporate Office premises] at Office Nos. 401, 402, 403, 4th Floor, "V-TIMES SQUARE", Plot No.3, Sector-15, CBD, Belapur, Navi Mumbai, PIN-400614.

Pursuant to Section 12 of the Companies Act, 2013, as the proposed shifting will entail relocation of the Registered Office from Rasayani in the district of Raigad to Belapur in the District of Thane, approval of Members by way of Special Resolution is required to be obtained.

Accordingly, consent of the Members is sought for the said purpose.

The Directors recommend this resolution for approval of shareholders.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the Resolution as set out in Item 6 except to the extent of Shares held by them in their individual capacity.

**Resolution No.7**

i) With the proposed relocation of the Registered Office, the Company also proposes to place the Register of Members of the Company and other registers/records to be maintained under Section 88(1) of the Act to be kept at the office of the Registrar and Share Transfer Agent at Mumbai. (i.e. place other than Registered Office, where the Company's Shares related Registers, returns and other documents/e-documents are kept).

ii) and also to maintain & keep the Company's Common Seal and other Records, various Registers, Books of Accounts, Copies of Returns, etc. and copies of the Annual Returns filed under Section 92 of the Act at the Company's said Registered Office [also the Corporate Office] of the Company situated at HOCL, Office Nos. 401, 402, 403, 4th Floor, "V-TIMES SQUARE", Plot No.3, Sector-15, CBD, Belapur, Navi Mumbai, PIN-400614, both within the same ROC, Mumbai, in the same State of Maharashtra.

Accordingly, consent of the Members is sought for the said purpose.

The Directors recommend this resolution for approval of shareholders.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested in the Resolution as set out in Item 7 except to the extent of Shares held by them in their individual capacity.

**Item No. 8 of the Notice**

i) Presently, HOCL land admeasuring 16800 Sq. ft. situated at village Dapivali, Taluka Panvel, Dist. Raigad, was allotted on lease to M/s Indian Oil Corporation Ltd. (IOCL) for their existing retail outlet M/s Vivek Automobiles at Rasayani.

ii) As per the Company's [HOCL] restructuring plan approved by the Government of India on 17th May,2017, it was decided to close the operations of Rasayani Unit and sale of the assets of Rasayani Unit including land. Company [HOCL] had written a letter to M/s IOCL on 17-01-2018 to give their best offer for the purchase of the said land.

iii) Accordingly the Board of Directors at their meeting held on 10-08-2018 had approved the proposal and recommended the said proposal, viz. for Sale as '*as is where is basis*' of Company's [HOCL] land at Rasayani admeasuring 16800 Sq. ft. situated at village Dapivali, Taluka Panvel, Dist. Raigad, to M/s Indian Oil Corporation Ltd. (IOCL) for an amount of ₹ 75,00,000/-[Rupees Seventy Five Lakhs only] subject to approval of the Govt. of India and NOC from the State Government and to pass the resolutions as mentioned in item No. 8 in the Notice.

Accordingly, consent of the Members is sought for the said purpose.

The Directors recommend this resolution for approval of shareholders.

iv) None of the Directors and the Company Secretary (KMPs) are concerned or interested in the Resolution as set out in Item 8 except to the extent of Shares held by them in their individual capacity.

**By Order of the Board of**
***Hindustan Organic Chemicals Ltd.***

**Sd/-**
**(Susheela S.Kulkarni)**
***Company Secretary***
***[FCS 5145]***

**Place : Rasayani**
**Date : 10/08/2018**

**Registered Office :**
**P.O.Rasayani,**
**Dist.Raigad, Maharashtra 410 207.**

## *CHAIRMAN'S STATEMENT*

***Dear Shareholders,***

My Colleagues on the Board and I extend a warm welcome, and sincere gratitude, to all of you present here at this 57th Annual General Meeting of your Company. The Annual Report of the Company, containing the Audited Annual Accounts together with the Directors' Report and Auditors' Report for the year 2017-18 and the AGM Notice to the Shareholders are in your hands for some time and with your permission, I take them as read.

**PERFORMANCE:**

I must now share with you, in brief, the status of our Company's performance during the year 2017-18.

The production and sales figures are contained in the Directors' Report before you and hence not repeated.

The company could stabilize operations of the Phenol Plant at Kochi and ensure continuous operation of the Phenol plant during the year. Even though the working capital constraints continued, the company could mobilize advance from major customers and achieve higher capacity utilization compared to previous year. During the year under review, your Company could achieve sales turnover of ₹ 242.32 Crores (net of excise duty).

Your Company could successfully implement majority of the decision taken by the Government and close down the operation of Rasayani unit, implement VRS to the employees, hand over the C NA/N204 plant to ISRO and sell 251 acre of land to BPCL (out of 442 acre sale approved by the Government). The company as per the approved restructuring plan has disposed of the closed plants at Rasayani and has engaged NBCC for sale of balance unencumbered land in the possession of the company.

With the successful redemption of the Bonds and repayment of working capital dues to Banks, the company could achieve cost reduction and improve the performance of the Kochi unit where cost reduction measures are being implemented.

During the year, your Company incurred a loss of ₹ 199.47 crore as against loss of ₹ 255.57 crore incurred during the previous year.

I wish to inform you that with the implementation of the restructuring plan approved by the Government and with the help and support from various Ministries, mainly Ministry of Chemicals & Fertilizers, and other ministries like, Ministry of Finance, Ministry of Commerce & Industries, the company will be revived and with continuation of the anti-dumping duty support on Phenol and Acetone the company will turnaround in the shortest possible time.

**FUTURE PLAN & REVIVAL / TURN AROUND PLAN:**

**<u>Rasayani Unit</u>**

As per the approval of Government of India, the operation of all the plants at Rasayani Unit (except C NA / N204 plant handed over to ISRO along with related manpower) has been closed. The Government has approved sale of 442 acre of land at Rasayani to BPCL for ₹ 618.80 crore. A bridge loan of ₹ 360.26 crore was received from GoI, which has been utilized to pay the matured Bonds and clear the statutory liabilities of the company. Out of the 442 acre, sale of 251 acre has been completed and an amount of ₹ 351.40 crore has been received from BPCL, which is utilized for implementation of VRS to the employees of the Rasayani unit and to clear partially the liabilities of the company.

**<u>Kochi Unit</u>**

The Phenol Plant operation at Kochi unit has been stabilized and the Hydrogen Peroxide plant is also in operation. The company could mobilize advance payments from major customers to tide over the working capital shortage and ensure continuous operation of the Phenol / Acetone plant.

**Restructuring Plan.**

As per the restructuring plan approved by the Government, all the closed plants at Rasayani Unit have been disposed of and the CNA/ N204 plant has been transferred to ISRO along with the manpower. As per the plan, a bridge loan of ₹ 360.26 crore was received from GoI, which has been utilized to pay the matured Bonds and clear the statutory liabilities of the company. Further, out of 442 acre of land sale to BPCL approved by GoI, 251 acre has been sold for ₹ 351.40 crore, which is utilized for implementation of VRS to the employees of the Rasayani unit and to clear partially, the liabilities of the company.

**CORPORATE SOCIAL RESPONSIBILITY**

Company since its inception is very much aware about its social responsibility. For over five decades, as a socially responsible and sensitive corporate, your Company continues to remain committed to social thought and action to serve society through providing basic civic amenities to the neighboring villages, rendering assistance in different forms. As per Department of Public Enterprise (DPE) Guideline on Corporate Social Responsibility (CSR), Company had constituted Board level Corporate Social Responsibility (CSR) and Sustainability Development (SD) Committee. During the Year 2017, the CSR and SD Committee was reconstituted comprising of 3 Independent Directors & one Executive Director of the Board of the Company. The terms of reference of the said CSR and SD Committee included among others, CSR as per Section 135 of the Companies Act,2013 and Rules 2014 thereunder, alongwith Schedule Vll,etc.

Though the Company is not required to carry out any CSR activities due to incurring losses, in view of closure of Rasayani unit,Company has donated Rasayani unit's Library books valuing ₹ 3.19 lakhs (WDV) to Dr. Babasaheb Ambedkar Marathwada University, Aurangabad, as a CSR activity, as these books will be useful to the students community at the university.

**SAFETY, HEALTH AND ENVIRONMENT :**

In the areas of Health, Hygiene and Environment the company has undertaken periodic medical examination as well as statutory requirements of fitness check-up under form No. 23 for its employees. In our commitment to environment we have ensured that the level of pollutants from the factory and nearby surroundings was much below the permissible levels.

HOC Kochi unit received pollution control award among very large scale industries from Kerala State Pollution Control Board for substantial and sustained efforts in pollution control in 2012.

HOC Kochi unit received safety awards from Dept. of Factories & Boilers, Govt. of Kerala for outstanding performance in industrial safety for the year 2012. No further awards received during the year 2017-18.

**ISO CERTIFICATION** :

HOCL Kochi unit is having ISO 9001: 2008 (Quality Management System) and ISO 14001:2004 (Environmental Management System) certification. The existing certificate for ISO 9001 has been extended upto 2020 and ISO 14001 is valid up to 2017 audit for further extension is in progress.

**INDUSTRIAL RELATIONS**:

The overall Industrial Relation situation continues to be peaceful and cordial during the year. There was no strike or lockout during the year..

**CORPORATE GOVERNANCE**:

The Company has complied with the various requirement of Corporate Governance.

The details in this regard form part of this report in **Annexure V**.

**HINDUSTAN FLUOROCARBONS LIMITED (HFL) - SUBSIDIARY:**

During the year, HFL has made Net loss of ₹ 482.65 lacs (IND AS) from operations as against the net loss of ₹ 633.43 lacs (IND AS) & ₹ 488.55 (IGAAP) of the previous year. During the year, the sales turnover (net) was ₹ 3685.36 lacs as against ₹ 3383.51 lacs in the previous year. During the year under report production of PTFE was 21.754 Metric Tons as against 41.22 Metric Tons in the previous year. During the year, 3933.27 Metric Tons of CFM-22 was sold in the market against 3391.84 Metric Tons in the previous year and balance quantity was used as feed stock to manufacture various products including Fluoro Specialty Chemicals. Accordingly, during the year Metric Tons of Tetra Fluoro Etylene (TFE) was used to manufacture Telomere. Quality of all company's products continued to be well accepted by our customers. Company has achieved 100 % capacity utilization as against 95.42 % in the previous financial year. The financial performance of the company improved during the year even though the Sales performance was more or less static compared to previous year.

**ACKNOWLEDGEMENT**:

I place on record my appreciation and gratitude to all the employees and others who had extended their support and co-operation during the year. In particular, I am grateful to various officials of the Government, especially Department of Chemicals and Petrochemicals, Ministry of Chemicals & Fertilizers, Department of Public Enterprises, Ministry of Finance, Ministry of Commerce & Industry, Bankers State Bank of India, and Central Bank of India, Board Members, Statutory/Govt. Auditors, Cost Auditors and all the agencies concerned. My gratitude is also to the shareholders, Bondholders and customers, who have stood by us in the present phase of transformation of the company.

We on our part would continue our efforts for time bound completion of the restructuring plan, in our endeavour, towards the path of achieving early turnaround of the company. We look forward to your continued support in this ongoing process.

In conclusion, I am optimistic that the Company would attain a turnaround coming financial year.

**S.B.Bhide**

Chairman and Managing Director

## DIRECTORS' REPORT

The Board of Directors presents herewith the 57th Annual Report of your Company along with the Auditors statement of Accounts for the financial year 2017-18.

**A. FINANCIAL RESULTS**

The financial results for the year ended 31.03.2018 with the comparative figures of Company's operations for the previous year is as under:

**(₹ In Lakhs)**

| Particulars | 2017-18 | 2016-17 |
|---|---|---|
| Revenue from operations | 24232.94 | 14330.51 |
| Other Income | 6630.47 | 627.59 |
| **Total** | **30863.41** | **14958.10** |
| Expenditure | 50129.82 | 39255.36 |
| **Profit before Depreciation & Tax** | **(-)19266.41** | **(-)24297.26** |
| Less Depreciation | 680.54 | 1260.20 |
| **Profit /(Loss) before Exceptional Items and Tax** | **(-)19946.95** | **(-)25557.46** |
| Less : Exceptional Items | - | - |
| Less : Provision of Tax (1) Current Tax | - | - |
| (2) Deferred Tax | - | - |
| **Profit/(Loss) for the Period** | **(-)19946.95** | **(-)25557.46** |
| **Other Comprehensive Income :** | | |
| (i). Items that will not be classified to Profit or Loss | 12478.07 | - |
| a). Revaluation of Plant , Property & Equipment's | (2793.25) | 357.33 |
| Less : Deferred Tax Assets | 873.02 | - |
| b). Changes in defined benefit plan | | |
| **Other Comprehensive Income for the year, Net of Tax** | 10557.84 | 357.33 |
| **Total Other Comprehensive Income for the year** | **(9389.11)** | **(25200.13)** |

**B. DIVIDEND**

In view of the continuous losses during the current year as well as in the previous years, the Board of Directors do not recommend any Dividend for the current year under review.

**C. CHANGE IN NATURE OF BUSINESS IF ANY**

As per the approval of Government of India, the operation of the all the plants at Rasayani Unit (except C NA / N204 plant along with the manpower transferred to ISRO) has been closed. In Kochi Unit, two plants (Phenol and Hydrogen plant) is operational.

Further Government has approved sale of 442 acre of land at Rasayani to BPCL for ₹ 618.80 crore. Out of the 442 acre, sale of 251 acre has been completed for which an amount of ₹ 351.40 crore has been received from BPCL and in addition, a bridge loan of ₹ 360.26 crore has been received from GoI, which has been utilized to clear liabilities partially and for implementation of VRS to the employees of the Rasayani unit of the company.

**D. FINANCIAL HIGHLIGHTS**

During the year 2017-18 the Company registered an impressive growth of 106 % under Revenue .The Gross income of the Company stood at ₹ 308.63 crore as against ₹ 149.58 crore achieved during the previous year. The Loss before Tax for the year 2017-18 was (-) ₹ 199.47 crore as against (-) ₹ 255.57 crore incurred during the corresponding period of last year.

**E. NUMBER OF MEETINGS OF BOARD** (including the dates of Board and committee meetings indicating the number of meetings attended by each director in every financial year)

During the year the Board Meetings were held on the following dates:

29th May 2017, 19th July 2017, 26th July 2017, 12th September 2017, 11th December 2017, 9th February 2018 and 16th March 2018.

OTHER DETAILS ARE FURNISHED IN THE Corporate Governance Report in Annexure VI to this Report.

**F. MANNER IN WHICH FORMAL ANNUAL EVALUATION OF PERFORMANCE OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS HAS BEEN CARRIED OUT :**

HOCL being CPSU governed by the DPE Guidelines the Annual Evaluation of Performance of Board, its committees and of individual Directors have been carried out by the Administrative Ministry (DCPC).

**G.** However, as the appointment of adequate number (2/3) of independent directors on Company's Board was taken place only during Feb., 2017 resulting in reconstitution of the Board committee/s only in March, 2017 (and thereafter), Board Committees' evaluation during the year did not arise.

**H. DETAILS OF DIRECTORS AND/OR KMP'S WHO HAVE BEEN APPOINTED OR RESIGNED DURING THE YEAR**

None

**I. COMPOSITION OF AC AND NON ACCEPTANCE OF ANY RECOMMENDATIONS OF AC** (only for public and listed companies)

The Audit Committee has been reconstituted during the year; – No such cases.

**J. DIRECTOR'S RESPONSIBILITY STATEMENT**

Your Directors make the following statement in terms of Section 134(5) of the Companies Act, 2013 -

a. That in the preparation of the annual accounts for the year ended 31st March, 2018; the applicable accounting standards had been followed along with proper explanation relating to material departures.

b. That such accounting policies as mentioned in the Notes of Accounts had been applied consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the financial year ended 31st March, 2018 and the profit or loss of the Company for that period.

c. That proper and sufficient care had been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d. That the annual accounts for the year ended 31st March, 2018 had been prepared on a going concern basis.

e. That the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

**K. INDEPENDENT DIRECTORS DECLARATION** – submitted on appointment.

**L. DISCLOSURE ON REAPPOINTMENT OF INDEPENDENT DIRECTORS** –not applicable.

**M. COMPANIES POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION INCLUDING CRITERIA FOR DETERMINING QUALIFICATIONS, POSITIVE ATTRIBUTES, INDEPENDENCE OF DIRECTORS ETC.**

Company being a CPSE and appointment of all the Directors on the Board of the Company are made by the Govt. of India/President of India and under the supervision, control and directors of the DC&PC; the prescribed DPE Guidelines are being followed. The Terms and Conditions of appointment of Independent and other directors as disclosed in the Company's website are given in Annexure to this Report.

**N. RATIO OF DIRECTORS REMUNERATION TO MEDIAN EMPLOYEES REMUNERATION AND OTHER PRESCRIBED ELABORATE DISCLOSURES AND DETAILS :**

Company being a CPSE which is under the supervision, control and directors of the DC&PC, the prescribed DPE Guidelines are being followed in respect of employee's remunerations and DPE Guidelines as well as CVC Guidelines are being followed, as regards other prescribed perquisites

**O. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013**

There are no loans, Guarantees, or investments made by the company under Section 186 of the Companies Act 2013 during the year under review and hence said provisions are not applicable.

However, the cumulative investment on the Subsidiary Company Hindustan Fluorocarbons ltd., 31.3.2018 stood at ₹ 11.06 Crore. In addition, the company has given Secure Loan of ₹ 35.10 Crores to HFL [on the security of HFL Land] and Company has also extended Corporate Guarantee to the working Capital loan to the subsidiary company HFL and investments made in HFL and HOC Chematur Ltd., during earlier years under section 186 of the Companies Act 2013, were shown in the financial statements.

**P. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES**

- None

1. Details of Contracts or arrangement or transactions not at arm's length basis:
   a) Name(s) of related party and nature of relationship
   b) Nature of Contracts/arrangements/transactions
   c) Duration of contracts/arrangements/transactions
   d) Salient terms of the contracts or arrangements or transactions including the including the value if any

e) Justification for entering into such contracts or arrangements or transactions date (s) of approval by the Board

f) Amount paid as advances, if any

g) Date on which a special resolution was passed in general meeting as required under first proviso to section 188

2. Details of material contracts or arrangements or transactions at arm's length basis; : - None.

(a) Name(s) of related party and nature of relationship

b) Nature of contracts/arrangements/transactions

c) Duration of contracts/arrangements/transactions

d) Salient terms of the contracts or arrangements or transactions including the value, if any:

e) Date(s) of approval by the Board if any:

f) Amount paid as advance, if any:

**Q. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND PRACTISING COMPANY SECRETARY IN THEIR REPORTS**

There were no qualifications, reservations or adverse remarks made by the Auditors in their Audit report. The replies to the observations of the auditors are forming part of the Directors' Report.

The Secretarial Auditors of the company have submitted their Secretarial Audit Report for the year 2017-18 and management replies to the audit observations thereof are annexed to the Directors' Report and forming part of 57th Annual Report of the Company.

The observations of the auditors and notes to accounts are self – explanatory, and are forming part of the Directors' Report.

**R. AMOUNTS IF ANY WHICH IT PROPOSES TO CARRY TO RESERVES**

None – In view of the accumulated losses and loss incurred during the year.

**S. MATERIAL CHANGES AND COMMITMENT, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEENT THE END OF THE FINANCIAL YEAR TO WHICH THIS FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT**

The closure of all the non-viable plants at Rasayani Unit and transfer to the CNA/ N204 plant to ISRO as per the approval of the Government of India, GoI released bridge loan of ₹ 360.26 crore and the matured Bonds have been paid off and all statutory liabilities has been cleared out of the bridge loan. Further out of 442 acre of land sale approved by GoI, 251 acre has been registered and received ₹ 351.40 crore as consideration. The VRS has been implemented at Rasayani and all employees except the skeletal 15 and staff retained 8 have been relieved and their dues have been settled. The working capital loan availed from SBI and Canara Bank has been repaid.

**T. The details in respect of adequacy of internal financial controls with reference to the Financial statements :**

Company ensures existence of adequate internal controls through documented policy and procedures laid down in the manuals to be followed by the executives at various levels. Internal controls are supported by periodical internal audits and management reviews. The management is keen on these issues and initiated various measures such as upgrading the IT infrastructure, evaluating and implementing ERP software, web based application and establishing connectivity amongst manufacturing units and branch offices for effective and proactive services and businesses.

Board periodically reviews the internal controls, audit programme, financial results and recommendation of the replies of the management to Government Audit and internal audit etc.

**U. CONSERVATION ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

A) Conservation of energy ***: Nil***

i. The steps taken or impact on conservation of energy ***: Nil***

ii. The steps taken by the company for utilizing alternate sources of energy and ***: Nil***

iii. The capital investment on energy conservation equipments ***: Nil***

B) Technology Absorption ***: Nil***

(i) the efforts made towards technology absorption ***: Nil***

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution ***: Nil***

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) ***: Nil***

(a) the details of technology imported;

(b) the year of import;

(c) whether the technology been fully absorbed;

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and

(iv) the expenditure incurred on Research and Development ***: Nil***

**V. STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY**

Key Threats include :

- Competition from Imports and fluctuation in the input prices
- High input costs
- High utility costs
- High overheads
- Continued availability of anti-dumping support for the main products Phenol and Acetone.
- Acute working capital shortage affecting continuous operations
- High interest cost and employee remuneration.

Some risks and concerns :

- High manpower cost per ton of finished product.
- Depreciated plants, requiring high maintenance cost.
- Dumping in main products Phenol / Acetone.
- Volatility in main input Benzene.

**W. SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES WHICH HAVE BECOME OR CEASED TO BE:**

HOC Chematur Ltd., a Joint Venture subsidiary abandoned due to non-achievement of the financial closure for the proposed MDI Project and Company has applied to for striking of the name under Early Exit scheme of MCA and ROC has approved the striking of the name of the Company and necessary Gazette notification is awaited.

**X. DETAILS OF CSR POLICY AND ITS IMPLEMENTATION DURING THE YEAR**

Company has recognized its social obligations and extends the following:

- On closure of Rasayani Unit, Company's Library Books at Rasayani Unit Library were donated to Dr.Babasaheb Ambedkar Marathwada University, Aurangabad.
- As a part of social obligation the company is extending need based assistance to deserving students along with SC/ST students for their School / Graduate education.
- Vocational training facilities to the wards of employees of the company in the nearby Engineering / Management colleges for enhancing skill / knowledge.
- Engaging professional students of ICAI / ICSI who have completed intermediate level as trainees for imparting practical knowledge of company working by paying stipend.

**Y. DISCLOSURES PRESCRIBED IN TERMS OF SECTION 67 (only for public and listed companies)- N.A.**

**Z. DEPOSITS : Nil**

During the period under review, the Company has not invited or accepted any deposits either from the directors or from shareholders of the Company.

The details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future: None

Under Sec.177(10) of Companies Act,2013:

**VIGILANCE MECHANISM:**

Hindustan Organic Chemicals Limited, being a Government Company, a Vigilance Department is already existing in pursuance of CVC Guidelines. And therefore, Vigilance Mechanism is being handled by the Vigilance Department and the Company has already adopted a Vigilance Manual in pursuance of CVC Guidelines. Vigilance Manual is available on Company's Website.

# EXTRACT OF ANNUAL RETURN

## Form No. MGT -9

As on the financial year ended 31.03.2017

### I. REGISTRATION AND OTHER DETAILS

| | | |
|---|---|---|
| i) | CIN | L 99999MH1960GOI011895 |
| ii) | Registration Date | 12/12/1960 |
| iii) | Name of the Company | HINDUSTAN ORGANIC CHEMICALS LTD., |
| iv) | Category/Sub-Category of the Company | CPSU |
| v) | Address of the Registered Office and contact Details | P.O.: Rasayani, Dist. Raigad.<br>PIN 410 207 |
| vi) | Whether Listed Company | Yes |
| vii) | Name, Address and contact details of Registrar and Share Transfer Agent, if any | M/s. Bigshare Pvt. Ltd.,<br>1st Floor, Bharat Tin Works Building,<br>Opp. Vasant Oasis, Makwana Road,<br>Marol, Andheri East ,<br>Mumbai 400059 Maharashtra.<br>Tel: 022 62638200 Fax : 022 62638299<br>Email: investor@bigshareonline.com |

### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMAPANY:

| Sl. No. | Name and description of main products/services | NIC Code of the product/service | % of total turnover of the company |
|---|---|---|---|
| 1 | Phenol | 29071110 | 55 |
| 2 | Acetone | 29141100 | 22 |
| 3 | Dinitrogen Tetroxide | 28112990 | 7 |
| 4 | Hydrogen Peroxide | 28470000 | 12 |

### III. PARTICULARS OF HOLDING, SUBSIDIARAY AND ASSOCIATE COMPANIES

| S. No | Name and address of the company | CIN/GIN | Holding/ subsidiary/ Associate | % of shares held | Applicable section |
|---|---|---|---|---|---|
| 1 | Hindustan Fluorocarbons Ltd | L25206AP1983LC004037 | Subsidiary | 56.43 | |
| 2 | HOC Chematur Ltd | U24100MH1997PLC112652 | JV / subsidiary | 60.00 | STK-2 Filed with MCA/ROC for the exit of the Co. under Sec.248(2) of the Companies Act, 2013 which was approved at ROC for the Gazette Notification –same is waited. |

**Statement Showing Shareholding Pattern**

| Category of Shareholder | No. of Shares held at the beginning of the year: 01/04/2017 00:0 | | | | No. of Shares held at the end of the year :31/03/2018 | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total Shares | Total % | Demat | Physical | Total Shares | Total % | % Change |
| **(A) Shareholding of Promoter and Promoter Group2** | | | | | | | | | |
| **Indian** | | | | | | | | | |
| (a) INDIVIDUAL / HUF | | | | | | | | | |
| | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) Central / State government(s) | 39481500 | 0 | 39481500 | 58.78 | 39481500 | 0 | 39481500 | 58.78 | 0.00 |
| | 39481500 | 0 | 39481500 | 58.78 | 39481500 | 0 | 39481500 | 58.78 | 0.00 |
| (c) BODIES CORPORATE | | | | | | | | | |
| | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) FINANCIAL INSTITUTIONS / BANKS | | | | | | | | | |
| | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) ANY OTHERS (Specify) | | | | | | | | | |
| (i) GROUP COMPANIES | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (ii) DIRECTORS RELATIVES | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| SUB TOTAL (A)(1) : | 39481500 | 0 | 39481500 | 58.78 | 39481500 | 0 | 39481500 | 58.78 | 0.00 |
| **Foreign** | | | | | | | | | |
| (a) BODIES CORPORATE | | | | | | | | | |
| | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) INDIVIDUAL | | | | | | | | | |
| | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (c) INSTITUTIONS | | | | | | | | | |
| | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) QUALIFIED FOREIGN INVESTOR | | | | | | | | | |
| | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) ANY OTHERS (Specify) | | | | | | | | | |
| | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| SUB TOTAL (A)(2) : | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| Total holding for promoters | | | | | | | | | |
| (A)=(A)(1) + (A)(2) | 39481500 | 0 | 39481500 | 58.78 | 39481500 | 0 | 39481500 | 58.78 | 0.00 |
| **(B) Public shareholding** | | | | | | | | | |
| **Institutions** | | | | | | | | | |
| (a) Central / State government(s) | | | | | | | | | |
| | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (b) FINANCIAL INSTITUTIONS / BANKS | | | | | | | | | |
| | 100 | 11400 | 11500 | 0.02 | 1100 | 11400 | 12500 | 0.02 | 0.00 |
| (c) MUTUAL FUNDS / UTI | | | | | | | | | |
| | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) VENTURE CAPITAL FUNDS | | | | | | | | | |
| | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (e) INSURANCE COMPANIES | | | | | | | | | |
| | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (f) FII'S | | | | | | | | | |
| | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (g) FOREIGN VENTURE CAPITAL INVESTORS | | | | | | | | | |
| | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (h) QUALIFIED FOREIGN INVESTOR | | | | | | | | | |
| | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (i) ANY OTHERS (Specify) | | | | | | | | | |
| | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (j) FOREIGN PORTFOLIO INVESTOR | | | | | | | | | |
| | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (k) ALTERNATE INVESTMENT FUND | | | | | | | | | |
| | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| SUB TOTAL (B)(1) : | 100 | 11400 | 11500 | 0.02 | 1100 | 11400 | 12500 | 0.02 | 0.00 |
| **Non-institutions** | | | | | | | | | |
| (a) BODIES CORPORATE | | | | | | | | | |
| | 3102523 | 39402 | 3141925 | 4.68 | 3365755 | 39202 | 3404957 | 5.07 | 0.39 |
| (b) INDIVIDUAL | | | | | | | | | |
| (i) (CAPITAL UPTO TO ₹ 1 Lakh) | 15826126 | 1742283 | 17568409 | 26.15 | 15877458 | 1714783 | 17592241 | 26.19 | 0.04 |

| Category of Shareholder | No. of Shares held at the beginning of the year: 01/04/2017 00:0 | | | | No. of Shares held at the end of the year :31/03/2018 | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total Shares | Total % | Demat | Physical | Total Shares | Total % | % Change |
| (ii) (CAPITAL GREATER THAN ₹ 1 Lakh) | 5495537 | 14800 | 5510337 | 8.20 | 5345428 | 14800 | 5360228 | 7.98 | (0.22) |
| (c) ANY OTHERS (Specify) | | | | | | | | | |
| (i) TRUSTS | 149720 | 0 | 149720 | 0.22 | 126285 | 0 | 126285 | 0.19 | (0.03) |
| (ii) CLEARING MEMBER | 584359 | 0 | 584359 | 0.87 | 417264 | 0 | 417264 | 0.62 | (0.25) |
| (iii) NON RESIDENT INDIANS (NRI) | 0 | 343200 | 343200 | 0.51 | 3836 | 339800 | 343636 | 0.51 | 0.00 |
| (iv) NON RESIDENT INDIANS (REPAT) | 315701 | 0 | 315701 | 0.47 | 382616 | 0 | 382616 | 0.57 | 0.10 |
| (v) NON RESIDENT INDIANS (NON REPAT) | 63549 | 0 | 63549 | 0.09 | 49773 | 0 | 49773 | 0.07 | (0.02) |
| (vi) DIRECTORS RELATIVES | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (vii) MARKET MAKER | | | | | 500 | 0 | 500 | 0.00 | |
| (viii) EMPLOYEE | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (ix) OVERSEAS BODIES CORPORATES | 0 | 1100 | 1100 | 0.00 | 0 | 1100 | 1100 | 0.00 | 0.00 |
| (x) UNCLAIMED SUSPENSE ACCOUNT | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (xi) IEPF | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (d) QUALIFIED FOREIGN INVESTOR | | | | | | | | | |
| | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| | 1800 | 0 | 1800 | 0.00 | 500 | 0 | 500 | 0.00 | (0.00) |
| SUB TOTAL (B)(2) : | 25539315 | 2140785 | 27680100 | 41.21 | 25569415 | 2109685 | 27679100 | 41.21 | (0.00) |
| Total Public Shareholding | | | | | | | | | |
| (B)=(B)(1) + (B)(2) | 25539415 | 2152185 | 27691600 | 41.22 | 25570515 | 2121085 | 27691600 | 41.22 | (0.00) |
| **(C) Shares held by Custodians and against which Depository Receipts have been issued** | | | | | | | | | |
| (a) SHARES HELD BY CUSTODIANS | | | | | | | | | |
| | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (i) Promoter and Promoter Group | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (ii) Public | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| SUB TOTAL (C)(1) : | 0 | 0 | 0 | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| (C)=(C)(1) | | 0 | | 0.00 | 0 | 0 | 0 | 0.00 | 0.00 |
| **Grand Total (A) + (B) + (C)** | 65020915 | 2152185 | 67173100 | 100.00 | 65052015 | 2121085 | 67173100 | 100.00 | (0.00) |

NOTES :

1) AME,NUMBER OF SHARES HELD & PERCENTAGE OF ENTITIES / PERSONS HOLDING MORE THAN 1% OF THE TOTAL SHARES OF THE COMPANY IS AS PER ANNEXURE

**IV. SHAREHOLDING PATTERN :**

**ii) Shareholding of Promoters:**

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year | | | Share holding at the end of the year | | | |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | % of Shares Pledged / Encumber-red to total shares | No. of Shares | % of total Shares of the company | %of Shares Pledged/ Encumb-ered to total shares | % change in share holding during the year |
| 1 | President of India | 39481500 | | 39481500 | 39481500 | | 39481500 | |
| | | | | | | | | |
| | Total | 39481500 | | 39481500 | 39481500 | | 39481500 | |

**iii) Change in Promoter's Shareholding (please specify, if there is no change)- No/Nil**

**iv) Shareholding Pattern of top ten shareholders( other than Directors, Promoters and Holders of GDRs and ADRs)**

| TOP TEN NON PROMOTERS MOVEMENT | | | | | | | |
|---|---|---|---|---|---|---|---|
| **SR. NO** | **NAME** | **No. of Shares at the begining/End of the year** | **Date** | **Increase/ Decrease in share-holding** | **Reason** | **Number of Shares** | **Percentage of total shares of the company** |
| 1 | Indian Syntans Investments Private Limited | 5,10,000 | 31-Mar-17 | 0 | Transfer | 5,10,000 | 0.76 |
| | | 5,10,000 | 31-Mar-18 | 0 | Transfer | 5,10,000 | 0.76 |
| 2 | Suvarna Kumari Agrawal | 3,00,000 | 31-Mar-17 | 0 | Transfer | 3,00,000 | 0.45 |
| | | 3,00,000 | 31-Mar-18 | 0 | Transfer | 3,00,000 | 0.45 |
| 3 | VIRAL AMAL PARIKH | 2,30,000 | 31-Mar-17 | 0 | Transfer | 2,30,000 | 0.34 |
| | | | 28-Apr-17 | 30000 | Transfer | 2,60,000 | 0.39 |
| | | | 14-Jul-17 | -30000 | Transfer | 2,30,000 | 0.34 |
| | | | 31-Oct-17 | -40000 | Transfer | 1,90,000 | 0.28 |
| | | | 3-Nov-17 | -81150 | Transfer | 1,08,850 | 0.16 |
| | | | 10-Nov-17 | -108850 | Transfer | 0 | 0.00 |
| | | | 31-Mar-18 | 0 | Transfer | 0 | 0.00 |
| 4 | GINNI FINANCE PVT. LTD. | 39,559 | 31-Mar-17 | 0 | Transfer | 39,559 | 0.06 |
| | | | 22-Dec-17 | 108100 | Transfer | 1,47,659 | 0.22 |
| | | | 5-Jan-18 | 40000 | Transfer | 1,87,659 | 0.28 |
| | | | 9-Feb-18 | 2400 | Transfer | 1,90,059 | 0.28 |
| | | 1,90,059 | 31-Mar-18 | 0 | Transfer | 1,90,059 | 0.28 |
| 5 | GRACE R DEORA | 0 | 31-Mar-17 | | Transfer | 0 | 0.00 |
| | | | 26-May-17 | 51000 | Transfer | 51,000 | 0.08 |
| | | | 11-Aug-17 | 30940 | Transfer | 81,940 | 0.12 |
| | | | 18-Aug-17 | 39060 | Transfer | 1,21,000 | 0.18 |
| | | | 1-Sep-17 | 40945 | Transfer | 1,61,945 | 0.24 |
| | | | 8-Sep-17 | 11889 | Transfer | 1,73,834 | 0.26 |
| | | | 13-Oct-17 | 1584 | Transfer | 1,75,418 | 0.26 |
| | | 1,75,418 | 31-Mar-18 | 0 | Transfer | 1,75,418 | 0.26 |
| 6 | RAMESH S DAMANI | 1,61,928 | 31-Mar-17 | 0 | Transfer | 1,61,928 | 0.24 |
| | | 1,61,928 | 31-Mar-18 | 0 | Transfer | 1,61,928 | 0.24 |
| 7 | SMS HOLDINGS PVT. LTD. | 0 | 31-Mar-17 | | Transfer | 0 | 0.00 |
| | | | 29-Dec-17 | 160000 | Transfer | 1,60,000 | 0.24 |
| | | | 5-Jan-18 | 95464 | Transfer | 2,55,464 | 0.38 |
| | | | 12-Jan-18 | 4536 | Transfer | 2,60,000 | 0.39 |
| | | | 19-Jan-18 | 4391 | Transfer | 2,64,391 | 0.39 |
| | | | 26-Jan-18 | 5000 | Transfer | 2,69,391 | 0.40 |
| | | | 2-Feb-18 | 105 | Transfer | 2,69,496 | 0.40 |
| | | | 9-Mar-18 | -109496 | Transfer | 1,60,000 | 0.24 |
| | | 1,60,000 | 31-Mar-18 | 0 | Transfer | 1,60,000 | 0.24 |
| 8 | R. B. K. SHARE BROKING LTD. | 1,50,000 | 31-Mar-17 | 0 | Transfer | 1,50,000 | 0.22 |
| | | | 28-Apr-17 | -5177 | Transfer | 1,44,823 | 0.22 |
| | | | 5-May-17 | 5177 | Transfer | 1,50,000 | 0.22 |
| | | | 12-May-17 | -10000 | Transfer | 1,40,000 | 0.21 |
| | | | 19-May-17 | 10000 | Transfer | 1,50,000 | 0.22 |
| | | | 16-Jun-17 | -500 | Transfer | 1,49,500 | 0.22 |
| | | | 23-Jun-17 | 500 | Transfer | 1,50,000 | 0.22 |
| | | | 23-Feb-18 | -150000 | Transfer | 0 | 0.00 |
| | | | 9-Mar-18 | 150000 | Transfer | 1,50,000 | 0.22 |
| | | 1,50,000 | 31-Mar-18 | 0 | Transfer | 1,50,000 | 0.22 |
| 9 | TRISHAKTI POWER HOLDINGS PRIVATE LIMITED | 0 | 31-Mar-17 | | Transfer | 0 | 0.00 |
| | | | | | | | |
| | | | 23-Jun-17 | 135000 | Transfer | 1,35,000 | 0.20 |
| | | | 23-Feb-18 | -135000 | Transfer | 0 | 0.00 |
| | | | 9-Mar-18 | 135000 | Transfer | 1,35,000 | 0.20 |
| | | 1,35,000 | 31-Mar-18 | 0 | Transfer | 1,35,000 | 0.20 |
| 10 | Adi Lim Bilimoria | 200 | 31-Mar-17 | 0 | Transfer | 200 | 0.00 |
| | | | 5-Jan-18 | 128000 | Transfer | 1,28,200 | 0.19 |
| | | | 12-Jan-18 | -17900 | Transfer | 1,10,300 | 0.16 |
| | | | 19-Jan-18 | 3000 | Transfer | 1,13,300 | 0.17 |
| | | | 9-Feb-18 | 9000 | Transfer | 1,22,300 | 0.18 |
| | | | 23-Feb-18 | -122300 | Transfer | 0 | 0.00 |
| | | | 9-Mar-18 | 117300 | Transfer | 1,17,300 | 0.17 |
| | | | 16-Mar-18 | 11900 | Transfer | 1,29,200 | 0.19 |
| | | | 23-Mar-18 | 4500 | Transfer | 1,33,700 | 0.20 |
| | | | 30-Mar-18 | -9600 | Transfer | 1,24,100 | 0.18 |
| | | 1,24,100 | 31-Mar-18 | 0 | Transfer | 1,24,100 | 0.18 |

v) **Shareholding of Directors and Key Managerial Personnel:**

| Sl. No. | For Each of the Directors and KMP | Statement Showing Shareholding Pattern | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year: 1)Mrs. S.S.Kulkarni, CS | 200 | - | 200 | |
| | Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer / bonus/ sweat equity etc) : | - | | - | |

**V. INDEBTEDNESS :**

**Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(₹ In Lakhs)

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year** | | | | |
| i) Principal Amount | 1319.00 | 11107.00 | 0 | 12426.00 |
| ii) Interest due but not paid | 1978.00 | 6609.20 | 0 | 8587.20 |
| iii) Interest accrued but not due | 0 | 645.32 | 0 | 645.32 |
| **Total (i+ii+iii)** | 3298.00 | 18361.52 | 0 | 21658.52 |
| **Change in Indebtedness during the financial year** | | | | |
| Addition | 0 | 38475.46 | 0 | 38475.46 |
| Reduction | 0 | 0 | 0 | 0 |
| **Indebtedness at the end of the financial year** | | | | |
| i) Principal Amount | 1319.00 | 49582.46 | 0 | 50901.46 |
| ii) Interest due but not paid | 2143.00 | 7975.01 | 0 | 10118.01 |
| iii) Interest accrued but not due | 0 | 2984.00 | 0 | 2984.00 |
| **Total (i+ii+iii)** | 3462.00 | 60541.47 | 0 | 64003.47 |

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

**A. Remuneration to Whole time Director, Managing Director and/or Manager:**

**(₹ In Lakhs)**

| Sl No. | Particulars of Remuneration | Name of Whole-time Director/ Director | Total Amount |
|---|---|---|---|
| | | S.B.Bhide | |
| 1. | Gross Salary # a) Salary as per provisions contained in section 17(1) of Income Tax Act, 1961 | 21.85 | 21.85 |
| | b) Value of perquisites u/s 17(2) of Income Tax Act, 1961 | - | - |
| | c) Profits in lieu of salary u/s 17(3) of Income Tax Act, 1961 | - | - |
| 2. | Stock Option | - | - |
| 3. | Sweat Equity | - | - |
| 4. | Commission --As % of profit - Others, specify | - | - |
| 5. | Others : retirement benefits | 3.51 | 3.51 |
| | Total(A) | 25.36 | 25.36 |
| | Ceiling as per the Act | 25.36 | 25.36 |

# Salaries due but not paid in full.

**B. Remuneration to other Directors:**

(₹ In Lakhs)

| Sl. No. | Particulars of Remuneration [Sitting fees paid to NOIDs for attending the Meetings of the Board/Committees ] | Name of the Directors | | | |
|---|---|---|---|---|---|
| | | Ms. Pushpa Trivedi | Mr. Mukesh Parikh | Ms.Lata Alker | Total |
| 1. | Independent Director • Fee for attending board committee meetings • Commission • Others, please specify | 0.65 | 0.70 | 0.55 | 1.90 |
| | Total (1) | 0.65 | 0.70 | 0.55 | 1.90 |
| 2. | Other Non-Executive Directors • Fee for attending board committee meetings • Commission • Others, please specify | - | - | - | - |
| | Total (2) | | | | |
| | Total (B)(1+2) | 0.65 | 0.70 | 0.55 | 1.90 |
| | Total Managerial Remuneration | | | | |
| | Overall Ceiling as per the Act | | | | |

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:**

(₹ In Lakhs)

| Sl. No. | Particulars of Remuneration | Key Managerial Personnel | | |
|---|---|---|---|---|
| | | Company Secretary [Mrs. Susheela S. Kulkarni] | CFO [Mr. P.O. Luise ] | Total |
| 1. | Gross Salary # a) Salary as per provisions contained in section 17(1) of Income Tax Act, 1961 | 15.67 | 17.03 | 32.70 |
| | b) Value of perquisites u/s 17(2) of Income Tax Act, 1961 | - | - | |
| | c) Profits in lieu of salary u/s 17(3) of Income Tax Act, 1961 | - | - | |
| 2. | Stock Option | - | - | |
| 3. | Sweat Equity | - | - | |
| 4. | Commission - As % of profit - Others, specify | - | - | - |
| 5. | Others : retirement benefits | 2.48 | 2.33 | 4.71 |
| | Total | 18.15 | 19.36 | 37.41 |

# Salaries due but not paid in full

**VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES :** NIL

| Type | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment Compounding fees imposed | Authority [RD/NCLT/ COURT] | Appeal made, if any(give details) |
|---|---|---|---|---|---|
| A. COMPANY | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |
| Punishment | | | | | |
| Compounding | | | | | |

**Q. ACKNOWLEDGEMENT**

Board places on record its gratitude to the members of the Company for their continued support and confidence in the management

For and on behalf of the Board of Directors of
**Hindustan Organic Chemicals Limited**

**Sd/-**
**S.B. Bhide**
**Chairman and Managing Director**

**Date : 10-08-2018**
**Place: CBD Belapur**

## Annexure – I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

**Part "A": Subsidiaries**

*(Information in respect of each subsidiary to be presented with amounts in ₹ In Lakhs)*

**₹ In Lakhs**

| | | |
|---|---|---|
| 1. | Sl. No.: | 1 |
| 2. | Name of the subsidiary: | Hindustan Fluorocarbons Ltd. |
| 3. | Reporting period for the subsidiary concerned, if different from the holding company's reporting period: | No |
| 4. | Reporting currency and Exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries: | NA |
| 5. | Share capital: | 1961.46 |
| 6. | Reserves & surplus: | -5803.27 |
| 7. | Total assets : | 6241.83 |
| 8. | Total Liabilities: | 10083.64 |
| 9. | Investments: | NIL |
| 10. | Turnover: | 3685.36 |
| 11. | Profit before taxation: | -77.39 |
| 12. | Provision for taxation: | NIL |
| 13. | Profit after taxation: | -77.39 |
| 14. | Proposed Dividend: | NIL |
| 15. | % of shareholding: | 56.43 |

*Notes: The following information shall be furnished at the end of the statement:*

| | |
|---|---|
| 1. Names of subsidiaries which are yet to commence operations: | NIL |
| 2. Names of subsidiaries which have been liquidated or sold during the year: | NIL |

**Sd/-**
**S.B. Bhide**
Chairman & Managing Director

**Sd/-**
**Pushpa Trivedi**
Director

**For M.B.AGRAWAL &Co**
Chartered Accountants
Firm's Registration No. 100137 W

**Sd/-**
**Susheela S. Kulkarni**
Company Secretary

**Sd/-**
**P.O. Luise**
Chief Financial Officer

**Sd/-**
**Harshal Agrawal**
Partner
Membership No.120570

## Annexure – II

**Part "B": Associates and Joint Ventures**

**Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures**

| | | |
|---|---|---|
| Name of Associates/Joint Ventures | | HOC Chematur Ltd |
| 1. | Latest audited Balance Sheet Date : 2017-18 | 8th September 2017 |
| 2. | Shares of Associate/Joint Ventures held by the company on the year end No. | 30000 |
| | Amount of Investment in Associates/Joint Venture: | ₹ 3.00 Lakhs |
| | Extend of Holding % | 60 |
| 3. | Description of how there is significant influence | NA |
| 4. | Reason why the associate/joint venture is not consolidated | Since the project has been abandoned, application was filed under Section 248 (2) of the Companies Act 2013 with the Registrar if Companies, Mumbai under Ministry of Corporate Affairs for removing HOC-Chematur Ltd.'s name from the Register of Companies. Application has been approved at ROC and Gazette Notification is awaited. |
| | | |
| 5. | Networth attributable to Shareholding as per latest : NIL | NIL |
| | audited Balance Sheet | |
| 6. | Profit / Loss for the year : | NIL ( Project abandoned) |
| i. | Considered in Consolidation | No |
| i. | Not Considered in Consolidation | Yes |
| 1. | Names of associates or joint ventures which are yet to commence operations. | HOC Chematur Ltd. |
| 2. | Names of associates or joint ventures which have been liquidated or sold during the year. | HOC Chematur Ltd. under Liquidation. |

*Note : This Form is to be certified in the same manner in which the Balance Sheet is to be certified.*

**Sd/-**
**S.B. Bhide**
Chairman & Managing Director

**Sd/-**
**Pushpa Trivedi**
Director

**For M.B.AGRAWAL &Co**
Chartered Accountants
Firm's Registration No. 100137 W

**Sd/-**
**Susheela S. Kulkarni**
Company Secretary

**Sd/-**
**P.O. Luise**
Chief Financial Officer

**Sd/-**
**Harshal Agrawal**
Partner
Membership No.120570

## Annexure – III

**Consolidated Report as on 31-03-2018 (SC/ST/Women)**

**Rasayani & Kochi Unit**

| Group | Total | SC | ST | Women |
|---|---|---|---|---|
| A | 144 | 23 | 6 | 15 |
| B | 96 | 24 | 2 | 9 |
| C | 201 | 18 | 4 | 10 |
| D | 29 | 9 | 2 | 3 |
| | | | | |
| **TOTAL** | **470** | **74** | **14** | **37** |

For and on behalf of the Board of Directors of
**Hindustan Organic Chemicals Limited**

**Date:** 10.08.2018

**Place:** CBD Belapur

**Sd/-**
**S.B. Bhide**
**Chairman and Managing Director**

## Annexure – IV

### MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### (Annexure IV to Directors' Report)

The Management of Hindustan Organic Chemicals ltd (HOCL) presents its Analysis Report covering the Performance and Outlook of the Company. The Report contains business perspective and prospects based on the current environment and strategic options to steer the Company through unforeseen and uncontrollable external factors.

The petroleum feed stock prices in India are significantly higher as compared to major exporting countries. The capability of manufacturing units to earn a reasonable return has been largely affected by global competition and tightening of parameters like rationalized duty structure and strict quality controls. Moreover, the capacity in the Indian Industry is small as compared to the competitors abroad; in effect the Indian Industry is in a disadvantageous position with regard to overhead costs.

In order to prevent dumping and to reform the sector to enable it to meet global competition, active follow ups is made with the Govt. for continuation of/levy of anti-dumping duties as per WTO Guidelines.

**KEY OPPORTUNITIES INCLUDE**

As per the approval of Government of India, the operation of all the plants at Rasayani Unit (except C NA / N204 plant transferred to ISRO, along with the manpower) has been closed. In Kochi Unit, two plants (Phenol and Hydrogen plant) are operational.

Further Government has approved sale of 442 acre of land at Rasayani to BPCL for ₹ 618.80 crore. Out of the 442 acre, sale of 251 acre has been completed for which an amount of ₹ 351.40 crore has been received from BPCL and in addition, a bridge loan of ₹ 360.26 crore has been received from GoI, which has been utilized to clear liabilities partially and for implementation of VRS to the employees of the Rasayani unit of the company.

The sale of balance unencumbered land is being made through Land Management Agency NBCC. The operation of the Phenol Plant at Kochi unit was restarted during the year in spite of working capital constraints by mobilizing advance payments from major customers. The plant operations have been stabilized and achieve 97 % capacity utilization during the 4th quarter of current year.

**KEY THREATS INCLUDE**

The Company has been facing working capital shortage due to continuous loss and non-availability of working capital finance from Banks.

Competition from imports for the main products Phenol and Acetone, even though anti-dumping duty is in place from major importing countries.

Volatility in raw material prices due to fluctuating crude prices.

**SEGMENT-WISE PERFORMANCE**

The Company is primarily in the business of manufacture and sale of chemicals.

| Product Segment | Year ended 31/03/2018 | | | Year ended 31/3/2017 | | |
|---|---|---|---|---|---|---|
| | Target MT | Actual MT | Percentage Achieved | Target MT | Actual MT | Percentage Achieved |
| Chemicals | 46600 | 37224 | 79.88 | 96000 | 23609 | 24.59 |

**PRODUCT WISE PERFORMANCE (Production of Main Products)**

| Sr. No. | Name of Product | F.Y. 2017-18 | | F.Y. 2016-17 |
|---|---|---|---|---|
| | | Target | Actual | Actual |
| 1. | Nitrobenzene | 0 | 0 | 710 |
| 2. | Di-Nitrogen tetroxide | 0 | 416 | 685 |
| 3. | Phenol | 24000 | 17191 | 7810 |
| 4. | Acetone | 14800 | 10609 | 4722 |
| 5. | (H2O2) | 7800 | 9008 | 9682 |

**OUTLOOK AND INITIATIVES FOR THE CURRENT YEAR**

The transfer of CNA/N204 plant along with manpower to ISRO has been completed. Sale of 251 acre to BPCL out of 442 acre has been completed. VRS to all employees of Rasayani unit except skeletal staff and support staff of 23 has been completed. Further sale of unencumbered land though NBCC is in progress.

**SOME RISKS & CONCERNS.**

- Competition from cheaper Imports of main product Phenol and Acetone.
- Volatility in raw material feed stock prices based on fluctuations in crude prices.
- Huge investments required for revamp/replacement/modernization of the old plants.
- Transfer of balance land (191 acre) to BPCL and receipt of funds for settling the liabilities of the company.
- Sale of balance unencumbered land at Rasayani through NBCC after receipt of NOC from Government of Maharashtra.
- Availability of working capital from Banks for continuous operation of the Plants at Kochi.
- High interest costs, high employees' remuneration.

**INTERNAL CONTROL SYSTEMS & THE ADEQUACY**

Internal controls are supported by Internal Audit and Management Reviews. Company ensures existence of adequate internal control through documented policy and procedures to be followed by the executives at various levels. The Management is keen on these issues and initiated various measures such as upgrading IT infrastructure, evaluating & implementing ERP software, web based application and establishing connectivity amongst manufacturing units and branch offices for effective & proactive services and business benefits.

With the objective of improving the systems and removing bottlenecks, systems review is carried out and policies and procedure manuals are amended. Kochi unit has been certified under ISO-9001:2000 standards through Bureau Veritas Certification India Pvt. Ltd. (BCI). Environment Management System (EMS) of Kochi unit has been certified under ISO-14001:2004 standards through BVQI, Rasayani unit has been re-certified in January' 2008 and Kochi unit has been re-certified in June'2008 under ISO-9001:2000 standards. Kochi Unit ISO 9001:2008 certification is valid till 18-06-2017 . ISO 14001:2004 certification is valid till 19-11-2017.

**REVIEW OF FINANCIAL PERFORMANCE :**

During the year 2017-18 the Company registered an impressive growth of 169 % under Revenue .The Gross income of the Company stood at ₹ 242.33 crore as against ₹143.30 crore achieved during the previous year. The Loss before Tax for the year 2017-18 was (-) ₹199.17 crore as against (-) ₹ 255.57 crore incurred during the corresponding period of last year.

As per the approval of Government of India, the operation of all the plants at Rasayani Unit (except CNA/N204 plant transferred to ISRO, along with the manpower) has been closed. In Kochi Unit, two plants (Phenol and Hydrogen plant) are operational.

Further Government has approved sale of 442 acre of land at Rasayani to BPCL for ₹ 618.80 crore. Out of the 442 acre, sale of 251 acre has been completed for which an amount of ₹ 351.40 crore has been received from BPCL and in addition, a bridge loan of ₹ 360.26 crore has been received from GoI, which has been utilized to clear liabilities partially and for implementation of VRS to the employees of the Rasayani unit of the company. The sale of balance unencumbered land is being made through Land Management Agency NBCC.

The operation of the Phenol Plant at Kochi unit was restarted during the year in spite of working capital constraints by mobilizing advance payments from major customers. The plant operations have been stabilized and achieve 97 % capacity utilization during the 4th quarter of current year.

**Information Technology – 2017-18**

Company has effective information systems for core business areas. However, company has envisaged a plan to meet changing demands keeping in view the technological changes and the way information & communication technology offering innovative services suiting to every business needs. Company has successfully rolled out SAP at their manufacturing unit at Kochi and all branch offices.

Management ensures continual effort in the ever changing technological environment, for improving and meeting with requirement like data security, information available, transparency and accuracy. Company is using open tendering / e-Tendering solution being provided by National Informatics Centre (**NIC**).

**CAUTIONARY STATEMENT**

Statement in this Management Discussion and Analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the chemical industry - global or domestic or both, significant changes in political and economic environment in India or key markets abroad, tax laws, litigation, manpower cost, exchange rate fluctuations, interest and other costs.

**For and on behalf of the Board of**
**Hindustan Organic Chemicals Ltd.**

**Sd/-**
**(S.B. Bhide)**
**Chairman & Managing Director**

**Place : CBD, Belapur**
**Date : 10-08-2018**

Annexure V

CORPORATE GOVERNANCE REPORT AS PER SCHEDULE V OF THE LODRRs FOR F.Y – 2017-18

**1. A brief statement on listed entity's philosophy on code of governance:**

As per the Code of Governance propounded by the Government, Corporate Governance involves a set of relationships between a Company's Management, its Board, its shareholders, and other stakeholders. Corporate Governance provides a principled process and structure through which the objectives of the Company, the means of attaining the objectives and systems of monitoring performance are set. Corporate Governance is a set of accepted principles by management of the inalienable rights of the shareholders as a true owner of the corporation and of their own rule as trustees on behalf of the shareholders. It is about commitment to values, ethical business conduct, and transparency and makes a distinction between personal and corporate funds in the management of a Company.

Hindustan Organic Chemicals Limited (HOCL) trusts on the conduct of its business activities and enhance the value of all those who are associated with the Company viz. shareholders, customers, suppliers, creditors, Government of India, Ministry of Chemicals and Fertilizers, Department of Public Enterprises, Various State Governments, other Governmental agencies / departments and the society at large. Essentially, it involves practicing good Corporate Governance and HOCL believes in transparency, accountability, and attaining maximum level of enrichment of the enterprise. HOCL also price the global recognition by ensuring the integrity, value addition to its domestic as also the international customers in its product commitments.

**2. Board of directors**:

(a) Composition and category of directors :

(E.g. promoter, executive, non-executive, independent non-executive, nominee director - institution represented and whether as lender or as equity investor);-

In accordance with the provisions of the Articles of Association of the Company (as amended from time to time), the number of Directors of the Company shall be neither less than three nor more than fifteen. The Directors shall not require to hold any qualification shares.

As on 31-03-2018 the Board of HOCL consisted of 6 members with 1 Executive Director (i.e. CMD, HOCL), 2 Government Nominee Directors and 3 Non Official Independent Directors and all are acknowledged as leading professionals in their respective fields.

Our Company-[HOCL] is a Govt. of India Undertaking (a CPSU) and as per Company's Articles of Association, the power to appoint all the Directors on the Board of the Company vests with the Govt. of India. As on 31-03-2018, the Composition of HOCL Board also comprised 3 Independent Directors constituting 50% of the Board's Composition and in compliance with Regulation 27 of the LODRRs.

With the above position of the Composition of the Board of Directors, the Company is presently complying with the provisions of Regulation 27 of the Listing Regulations LODRRs with Stock Exchanges and also as on 31.03.2018.

(b) Attendance of each director at the meeting of the board of directors and the last annual general meeting;

| Directors | Qualification of Directors** | No. of Board meetings attended | Attendance at the last AGM |
|---|---|---|---|
| Mr. S. B. Bhide | ** | 7 | Yes |
| Ms. Meenakshi Gupta | ** | 6 | No |
| Mr. Samir Kumar Biswas | ** | 6 | Yes * |
| Ms. Pushpa Trivedi | ** | 6 | Yes |
| Ms. Lata Alker | ** | 5 | No |
| Mr. Mukesh Pareek | ** | 7 | No |

*Attended as President's Nominee

**Company has the policy of disclosing the Directors' Qualification only in the First year of their respective appointments on the Board of the Company. Hence as no director is newly appointed by the Govt. in the current year-2017-18, the details required are not furnished.

**(c) Number of other board of directors or committees in which a directors is a member or chairperson; (As on 31-03-2018**):

| Title (Mr./ Ms) | Name of the Director Category (Chairperson/ Executive/Non-Executive/ independent/ Nominee) & | No of Directorship in listed entities including this listed entity (Refer Regulation 25(1) of Listing Regulations) | Number of memberships in Audit/ Stakeholder Committee(s) including this listed entity (Refer Regulation 26(1) of Listing Regulations) | No of post of Chairperson in Audit/ Stakeholder Committee held in listed entities including this listed entity (Refer Regulation 26(1) of Listing Regulations) |
|---|---|---|---|---|
| Mr. | S.B.Bhide<br>CMD, Executive | 2 | 3 | 4 |
| Ms. | Meenakshi Gupta<br>Non Executive. Govt.Nominee | 5 | 0 | 0 |
| Mr. | Samir Kumar Biswas<br>Non Executive Govt.Nominee | 2 | 0 | 0 |
| Ms. | Pushpa Trivedi<br>Non Official Independent Director | 2 | 3 | 2 |
| Ms. | Lata Alker<br>Non Official Independent Director | 1 | 2 | 1 |
| Mr. | Mukesh Pareek<br>Non Official Independent Director | 1 | 2 | 1 |

(d) Number of meetings of the board of directors held and dates on which held;-

The Board of the Company met 7 times during the financial year 2017-18 on the following dates:

29th May 2017, 19th July 2017, 26th July 2017, 12th September 2017, 11th December 2017, 9th February 2018 and 16th March 2018.

(e) Disclosure of relationships between directors inter-se; -None / -- Not applicable.

(f) Number of shares and convertible instruments held by non-executive directors; --- Nil

(g) Web link where details of familiarization programmes imparted to independent directors is disclosed. -- www.hoclindia.com (However, due to technical error, the said details are currently not viewable on the company website and therefore setting up new website is in process)

**3. Audit committee**:

(a) Brief description of terms of reference;

Apart from all the matters provided in Regulations on Corporate Governance of the Listing Regulations and other applicable provisions of the Companies Act, 2013, the Board /Committee (when met) reviewed reports of the Internal Auditors, met Statutory Auditors periodically and discussed their findings, suggestions, internal control systems, compliance with the Accounting Standards, scope of audit, Modified Opinion, Impact of audit qualifications in audit reports, Management Replies to auditors qualifications, observations of the Auditors etc. and other related matters.

The Board /Committee (when met) also reviewed the major accounting policies followed by the Company. The Board/Committee during the meetings also invited CMD, other Directors, CFO & other senior executives of the Company as it considers appropriate at its meetings. CMD, Head of Internal Audit attend the meetings of the Board/Audit Committee as special invitees. The representatives of the Statutory Auditors/branch auditors are also invited to attend the meetings. The Company Secretary is Secretary to the Committee.

(b) Composition, Name of Members and Chairperson;

Board has reconstituted the Audit Committee from time to time and as on 31-03-2018, Audit Committee comprised of (1) Ms. Meenakshi Gupta, SS&FA, as Chairman of the Audit Committee (2) Shri Samir Kumar Biswas, J.S., (3) Ms. Pushpa Trivedi, NOID, (4) Mr. Mukesh Pareek, NOID and (5) Ms. Lata Alker, NOID as its Members. Further, Mrs. Susheela S. Kulkarni, Company Secretary acts as Secretary of the Audit Committee.

Subsequently on 29-05-2017, Board once again reconstituted the Audit Committee comprising Ms. Pushpa Trivedi, NOID, as Member and Chairman of the Audit Committee alongwith Ms. Lata Alker and Mr. Mukesh Pareek, the 2 NOIDs as Members of the Audit Committee Mrs. Susheela S. Kulkarni, Company Secretary as Secretary of the Audit Committee. .

(c) Meetings and attendance during the year:

The Audit Committee of the Company met 5 times during the financial year 2017-18 on the following dates:

| | | | | |
|---|---|---|---|---|
| 29th May 2017 | 19th July 2017 | 12thSeptember 2017 | 11thDecember 2017 | 9th February 2018 |

| Audit Committee | NO. OF Audit Committee Meetings attended |
|---|---|
| Ms. Pushpa Trivedi | 5 |
| Mr. Mukesh Pareek | 5 |
| Ms. Lata Alker | 4 |

**4. Nomination and Remuneration Committee**:

Subsequent to appointment of adequate number of NOIDs on Companies Board, on 29-05-2017 Board constituted a Nomination and Remuneration Committee comprising of 3 NOIDs and one Executive Director (being a listed Co.)

(a) Brief description of terms of reference ;

In pursuance of the Provisions under the Companies Act, 2013 (Sec.178) and SEBI's LODRRs (Part D for Reg. 19(4) & 20(4), the Role, the Terms of references and duties of the Nomination and Remuneration Committee (Committee), shall, inter-alia include the following:

Under Sec.178 of the Companies Act, 2013:

a) To identify persons who are qualified to become directors or who may be appointed in senior management, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;

b) To formulate the criteria for determining qualifications, positive attributes and independence of a director;

c) To recommend to the board of directors a policy relating to the remuneration of the directors, key managerial personnel and other employees;

As per SEBI's LODRRs, 2015:

(1) Formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

(2) Formulation of criteria for evaluation of performance of independent directors and the board of directors;

(3) Devising a policy on diversity of board of directors;

(4) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal;

(5) Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;"

Further the Chairperson of the Committee may be present at the AGM to answer the shareholders' queries. However, it shall be up to the chairperson to decide who shall answer the queries. Further the quorum for the meetings of the Committee would be 1/3 or 2 directors whichever is more and committee to meet (half yearly) minimum twice a year or at such intervals as the Committee members may mutually decide. As regards to the other provisions regarding Committee Meetings, notice of the meeting of the Committee etc., similar provisions as given under the Company's Articles of Association shall be applicable.

However, apart from the Company by a CPSE, DPE guidelines are also being followed in respect of all the issues relating to Nomination & Remuneration matters.

**(b) Composition, name of members and chairperson;**

In pursuance of applicable provisions (Sec.178) under the Companies Act, 2013 and (Regulation 19) of the LODRRs of SEBI and other applicable provisions /Regulations there under, Board constituted a Nomination and Remuneration Committee of the Board comprising of : Mr. Mukesh Pareek, Independent Director as Member and Chairman of the Committee along with Ms. Lata Elkar, Ms. Pushpa Trivedi Independent Directors (i.e. Non-Executive Directors) and Mr. S.B.Bhide, CMD, HOCL (Executive Director) as Members of the Committee, with Mrs. Susheela S. Kulkarni, CS, HOCL as Secretary to the Committee.

(c) Meeting and attendance during the year; 28-03-2018 and attended by all the committee members.

**5. Remuneration of Directors**:

(a) All pecuniary relationship or transactions of the non-executive directors vis-à-vis the listed entity shall be disclosed in the annual report; -- None

(b) Criteria of making payments to non-executive directors. Alternatively, this may be disseminated on the listed entity's website and reference drawn thereto in the annual report; -- Yes only sitting fees for attending the Meetings of the Board and committee are being paid to the non-executive directors.

(c) Disclosures with respect to remuneration: in addition to disclosures required under the Companies Act, 2013, the following disclosures shall be made: -- Yes

(i) all elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc.;-

Details of remuneration paid / payable to the Directors for the year ended March 31, 2018 are as follows:

Amt. ₹ (in Lakhs):

| Sr. No. | Name of Directors | Salary Including Benefits | Sitting Fees to NOIDs | Total |
|---|---|---|---|---|
| 1. | Shri. S.B. Bhide, CMD (As CMD w.e.f. 05-10-2016) | 21.85 | -- | 21.85 |
| 2. | Ms. Meenakshi Gupta, SS&FA | N.A. | -- | Nil |
| 4. | Shri S.K.Biswas, JS | N.A. | -- | Nil |
| 5. | Ms. Pushpa Trivedi,NOID | N.A. | 0.65 | 0.65 |
| 6. | Mr, Mukesh Pareek,NOID | N.A. | 0.70 | 0.70 |
| 7. | Ms. Lata Alker, NOID | N.A. | 0.55 | 0.55 |

The Independent Directors are paid sitting fees of ₹ 5,000/- per Director/Board/ /Committee meeting for attending the meetings.

The sitting fees paid during the year 17-18 is as follows:

| Name of the Independent Director | Sitting Fees [₹ In lakhs] |
|---|---|
| 1. Ms. Pushpa Trivedi,NOID | 0.65 |
| 2. Mr, Mukesh Pareek,NOID | 0.70 |
| 3. Ms. Lata Alker, NOID | 0.55 |

(ii) Details of fixed component and performance linked incentives, along with the performance criteria; -- None / Nil

* The Company has not given any stock options.

* Non-executive Directors: The Company does not pay any remuneration to its non- executive Directors except sitting fees for attending the Board/committee meetings.

(iii) Service contracts, notice period, severance fees; -

The Executive Directors have been appointed by the President of India for a period of five years or till attaining the age of superannuation, whichever is earlier. The appointment may be terminated even during this period by either side on three months' notice or on payment of three months' salary in lieu thereof.

(iv) Stock option details, if any and whether issued at a discount as well as the period over which accrued and over which exercisable.- Nil.

**6. Performance evaluation criteria for independent directors** – Not Applicable, being a Govt. PSU, all the Board of Directors are appointed by the Government. The performance evaluation of all the Directors including Independent Directors are done by the Department of the Central Government or Ministry, which is administratively in charge of the Company.

**7. Separate Meeting of Independent Directors:**

As provided under Section 149(8) read with Schedule IV of the Companies Act,2013 and also as per Regulation 25(3) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations,2015, Separate meeting of Independent Directors was held on 28th March,2018.

**8. Stakeholders' grievance committee**:

(a) name of the director heading the committee;- S. B. Bhide, CMD as Chairman [in view of easy availability of the directors at the work place, to convene the required STC meetings once in every fortnightly/monthly or so, to manage effectively all the Bonds/ shareholders/investors, transfers/grievances related matters in compliances with corporate governance norms of the LODRRs and with suitable explanations to the Exchanges].

Company has a Share Transfer Committee comprising of (functional directors) Shri S. B. Bhide, CMD as Chairman and Mrs. S. S. Kulkarni, Company Secretary, as its members. The quorum of the committee is Two Directors.

(b) Name and designation of compliance officer;-

Mrs. Susheela S. Kulkarni, Company Secretary is designated as the Compliance Officer and acts as Member & Secretary to the Committee.

As presently the Company's 2 Members [i.e. CMD & CS, HOCL] STC is chaired by the Executive Committee [viz.CMD, HOCL],In the context, explanations are given as below:

(As Explained to BSE with Quarterly Compliance Report)

In view of the existence of at present only one Functional Director [viz. Mr. S.B.Bhide, CMD, HOCL on our Company's [HOCL] Board and due to their preoccupations and busy schedules due to their various business commitments, the availability of the other Board Members [viz. Government Nominee Directors & Independent Directors] is doubtful when required [for holding the said Stakeholders Relationship Committee] on receipt of requisitions from the Co.'s RTAs, in order to attend to the timely/frequent shares transfers, deletions / transmissions requisitions [as per SEBI guidelines], the present composition of the said Committee comprised of 2 Members Committee.

**Share/Bonds Transfer System:** The Company's Share/Bonds Transfer/Shareholders Grievance Committee is authorized to transfer securities as and when they are received from the company's registrar and transfer agents [viz.RTAs] (the valid transfer etc. documents) and to redress the investor's grievances / complaints. The dematerialized shares are directly transferred to the beneficiaries by the depositories.

All the correspondence with the shareholders and investors are dully carried out on behalf of the company by the company's RTAs.

The Company seeks to ensure that all transfers are approved for registration within the stipulated period. And for this mechanism the Company Secretary (the compliance officer) and company's RTAs have been entrusted with all the requisite powers and authorities, to carry out all the activities with regard to the shares/bonds related functions. With a view to expediting the approval process, the Committee meets regularly and approves all matters related to shares vis-à-vis transfers, deletion, transmission, dematerialization and rematerialisation of shares based on the requisitions from the RTAs.

There were no pending complaints and requests for Demat during the year under review.

This Committee is vested with the requisite powers and authorities to specifically look into the redressal of shareholders and investors grievances, which are being handled and dealt with suitably by the company's RTAs.

The letters received from the Investors were attended/resolved to the satisfaction of the investors. The transfer of shares was affected within the stipulated time.

The Committee met 13 times during the year. The Details are as under: -

24-04-2017, 06-05-2017, 12-05-2017, 12-06-2017, 30-06-2017, 15-7-2017, 01-08-2017, 10-08-2017, 04-09-2017, 08-09-2017, 19-09-2017, 21-09-2017, 6-10-2017, 17-10-2017, 08-12-2017, 19-12-2017, 01-01-2018, 24-01-2018, 08-02-2018, 16-02-2018, 01-03-2018 and 16-03-2018.

**No. of Pending Share Transfers**

As on 31st March, 2018 there are **Nil** Share transfer cases pending (as confirmed by RTA).

(c) Number of shareholders' complaints received during the year 2017-18; -- 17 Nos.

(d) Number not solved to the satisfaction of shareholders; -- Nil

(e) Number of pending complaints at the end of the year ended 31-03-2018 -- Nil

**9. Risk Management Committee: Not Applicable.**

**10. CSR & Sustainability Development Committee: (Not Applicable)**

However, as per Department of Public Enterprise (DPE) Guideline on Corporate Social Responsibility (CSR), Company had constituted Board level Corporate Social Responsibility (CSR) and Sustainability Development (SD) Committee. During the Year on 12th September 2017, the CSR and SD Committee was reconstituted comprising of 3 Independent Directors, viz. Ms.Lata Alkar, as Member and Chairman of the Committee, Ms. Pushpa Trivedi, Shri Mukesh Pareek, Independent Directors & one Executive Director of the Board of the Company viz. Shri S.B. Bhide,CMD,HOCL. The terms of reference of the said CSR and SD Committee included among others, CSR as per Section 135 of the Companies Act,2013 and Rules 2014 thereunder, alongwith Schedule Vll,etc.

Though the Company is not required to carry out any CSR activities due to incurring losses, in view of closure of Rasayani unit,Company has donated Rasayani unit's Library books of valuing ₹ 3.19 lakhs (WDV) to Dr. Babasaheb Ambedkar Marathwada University, Aurangabad, as a CSR activity, as these books will be useful to the students community at the university.

**11. General body meetings**:

(a) location and time, where last three annual general meetings held;

The last three **Annual General Meetings** of the Company were held as under:

| Particulars | FY 2014-2015 | FY 2015-2016 | FY 2016-2017 |
|---|---|---|---|
| Date and Time | 29-09-2015 3.00 p.m. | 29-09-2016 3.00 p.m. | 27-09-2017 3.00 p.m. |
| Venue | Rasarang Hall<br>Dr.Kasbekar Park<br>AtPO :Rasayani,<br>Dist.Raigad<br>Pin - 410 207 | Rasarang Hall<br>Dr.Kasbekar Park<br>AtPO :Rasayani,<br>Dist.Raigad<br>Pin - 410 207 | Rasarang Hall<br>Dr.Kasbekar Park<br>AtPO :Rasayani,<br>Dist.Raigad<br>Pin - 410 207 |

(b) whether any special resolutions passed in the previous three annual general meetings; Yes

(c) Whether any special resolution passed ~~last year~~ /during the year through postal ballot – ( 2017-18) - Yes. During the year, 2 Resolution u/Sec. 180 have been passed through Postal Ballot.

Details of Resolutions passed:

1. To consider and to approve the proposal for sale of 242 +/-10% acres of Company's land at Rasayani, Maharashtra to BPCL, '*as is where is basis*', at consolidated sale amount of ₹ 381.2949 +/-10% Crores and subject to Government approval .

**2**. **a)** In order that during surveying the Company's 442 acres (i.e. 442 acres of HOCL land sale to BPCL approved by the shareholders vide postal ballot notice dated 8-2-2017) of land area, as there is likely hood of variation [during survey of land area], to consider and subject to Government approval, to approve the proposal for sale of the variation of 442 +/- 3% acres of land sale to BPCL.

**b)** It has been observed that some public roads in many survey nos. are also forming part of the said area of land sale of 442 +/- 3% acres to BPCL. The area occupied by public roads is 7.238 acres. Therefore to consider and subject to Government approval, to approve the proposal for sale of an additional area totaling to 7.238 acres of land of public roads will also be sold to BPCL without any additional payment by BPCL to the company.

Thus for a) & b) above, the Company's sale of land to BPCL - area for registration would be 442 +/-3% acres and 7.238 acres of land.

Details of voting pattern; -

Both Postal Ballot Voting & E-Voting was kept open for a period of 30 days as per Postal Ballot Regulation 22 of LODRRs .

(a) Person who conducted the postal ballot exercise; - Company.

(b) Whether any special resolution is proposed to be conducted through postal ballot ;- No.

(c) Procedure for postal ballot.

In pursuance of Section 130 of the Companies Act, 2013 and Rule 22 in Postal Ballot Procedure of the Rules framed under Companies Act, 2013 [ i.e. Rule 22 of the Company (Management and Administration ) Rules, 2014]

**12. Code of Conduct for Directors and Senior Management Personnel:**

The Company has adopted (since 2007) a code of conduct and ethics applicable to the Board of Directors and Senior Management Personnel (one level below the Board of Directors) of the company. The Code requires Directors and employees to act honestly, fairly, ethically, and with transparency and integrity. The Board of Directors and Senior Management Personnel are required to affirm compliance with the code of conduct on an annual basis. The Code is displayed on the Company's website – www.hoclindia.com. (However, due to technical error, the Code is currently not viewable on the company website and therefore setting up new website is in process) All Directors and Senior Management Personnel have complied with the code and the compliance has been affirmed by them to that effect. A declaration signed by Chairman and Managing Director is given below:

This is to certify that in line with the requirement of Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, all the Directors of the Board and Senior Management Personnel have affirmed that to the best of their knowledge and belief, they have complied with the provisions of the 'Code of Conduct for the Directors and Senior Management' during the financial year 2017-18.

**Place: Mumbai** **S.B.Bhide**

**Date: 10-08-2018** **Chairman and Managing Director**

**13. CEO/CFO Certification for the Financial Year ending on 31st March, 2018.**

This is to certify that:

A. We have reviewed financial statements for the financial year ended 31st March, 2018 and the cash flow statement for the year and that to the best of our knowledge and belief:

1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

2. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit Committee:

(1) There has not been any significant change in internal control over financial reporting during the year 2017-18;

(2) There has not been any significant change in accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and

(3) There have been no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Place: Mumbai **P.O.Luise** **S.B.Bhide**

Date: 10-08-2018 **Chief Financial Officer** **Chairman & Managing Director**

**14. Means of communication**:

- Quarterly Financial results;
- These Quarterly, half-yearly reviewed and annual audited financial results of the Company are also submitted to the Stock Exchanges immediately after they are approved by the Board.

- newspapers wherein results normally published;
- The results are published in a Regional Language News Papers (Navashakti) and English National Daily (The Free Press Journal) as per the requirements under the Listing Regulations with the Stock Exchanges.

(a) Any website, where displayed;

- The quarterly, half-yearly reviewed and annual audited financial results are regularly posted by the Company on its website: www. hoclindia.com

(b) Whether it also displays official news releases; -- No

(c) Presentations made to institutional investors or to the analysts. – No

- Management Discussion and Analysis Report forms part of this Annual Report.
- Whenever a Director is appointed or re-appointed, Stock Exchanges are intimated through Fax/ Speed Post/Courier Service. - Yes. Through on line filing of the e-filing portal of the Exchange (BSE & NSE).

**15. General shareholder information**:

Smt. Susheela S. Kulkarni, Company Secretary is the Compliance Officer of the Company under relevant Regulations of the Listing Regulations. (LODRRs).

**Registered Office:** At & Post: Rasayani, Dist. Raigad, Maharashtra 410 207.

**Corporate Office Address:** Office Nos.: 401,402,403, 4th Floor, "V- Times Square", Plot No.3, Sector-15, CBD, Belapur, Navi Mumbai- 400614, Maharashtra.

(a) Annual general meeting - date, time and venue;

**Annual General Meeting**:

Date & Time : Wednesday, 26th September, 2018 at 3.00 p.m.

Venue : At Rasarang Hall, Dr.Kasbekar Park, Rasayani, Dist.Raigad 410207.

(b) **Financial year**;

The Company follows April - March as its Financial Year.

(c) Dividend payment date; NIL / Not Applicable.

(d) (i) the name and address of each stock exchange(s) at which the listed entity's securities are listed and a confirmation about payment of annual listing fee to each of such stock exchange(s); : Bombay Stock Exchange Ltd.[BSE];

(ii) During the year, 2016-17 (w.e.f.30-01-2017), in pursuance of Regulation 6(a) of the SEBI (DES) Regulations, 2009, Company has voluntarily delisted its Equity shares from the National Stock Exchange of India Ltd.(NSE), as a measure of economy overall , which was duly acknowledged by the NSE on 31-1-2017 and approved by NSE vide letter dated 2-08-2017.

(e) Stock /script code; **Stock Code at BSE** : 500449

(f) Market price data- high, low (at BSE) during each month in last financial year;

(2017-18)

| Month | Monthly Highest | Monthly Lowest |
|---|---|---|
| April, 2017 | 35.40 | 23.85 |
| May, 2017 | 32.80 | 26.10 |
| June, 2017 | 29.30 | 23.55 |
| July, 2017 | 26.80 | 23.65 |
| August, 2017 | 25.05 | 18.15 |
| September, 2017 | 21.30 | 18.70 |
| October, 2017 | 22.75 | 18.25 |
| November, 2017 | 24.75 | 20.35 |
| December, 2017 | 39.90 | 22.55 |
| January, 2018 | 37.00 | 27.25 |
| February, 2018 | 29.50 | 22.20 |
| March, 2018 | 30.45 | 21.40 |

(g) Performance in comparison to broad-based indices such as BSE sensex, CRISIL Index etc;- --Nil

(h) In case the securities are suspended from trading, the directors report shall explain the reason thereof; None /N.A.

**(i) Registrar to an issue and share transfer agents;**

**M/s. Bigshare Services Pvt. Ltd. –**

**(j) Share transfer system;**

The Company's Share/Bonds Transfer / Shareholders Grievance Committee is authorised to transfer securities as and when they are received from the company's registrar and transfer agents [viz.RTAs] (the valid transfer etc. documents) and to redress the investor's grievances / complaints. The dematerialized shares are directly transferred to the beneficiaries by the depositories.

All the correspondence with the shareholders and investors are dully carried out on behalf of the company by the company's RTAs.

The Company seeks to ensure that all transfers are approved for registration within the stipulated period. And for this mechanism the Company Secretary (the compliance officer) and company's RTAs have been entrusted with all the requisite powers and authorities, to carry out all the activities with regard to the shares/bonds related functions. With a view to expediting the approval process, the Committee meets regularly and approves all matters related to shares vis-à-vis transfers, deletion, transmission, dematerialization and rematerialisation of shares based on the requisitions from the RTAs.

There was no pending complaints and requests for demat during the year under review.

This Committee is vested with the requisite powers and authorities to specifically look into the redressal of shareholders and investors grievances, which are being handled and dealt with suitably by the company's RTAs.

The letters received from the Investors were attended/resolved to the satisfaction of the investors. The transfer of shares was effected within the stipulated time.

(k) **Distribution of shareholding**;

As on Date: 31-03-2018 ; (NSDL-CDSL-Physical)

| Shareholding of Nominal | | No.of Shareholders | Percentage of Total | Share Amount | Percentage of Total |
|---|---|---|---|---|---|
| ₹ | ₹ | | | ₹ | |
| 1 | 5000 | 45479 | 86.8235 | 69953640 | 10.4139 |
| 5001 | 10000 | 3501 | 6.6837 | 30299750 | 4.5107 |
| 10001 | 20000 | 1677 | 3.2015 | 27040700 | 4.0255 |
| 20001 | 30000 | 570 | 1.0882 | 14989240 | 2.2314 |
| 30001 | 40000 | 263 | 0.5021 | 9617510 | 1.4318 |
| 40001 | 50000 | 280 | 0.5345 | 13524540 | 2.0134 |
| 50001 | 100000 | 343 | 0.6548 | 26037430 | 3.8762 |
| 100001 | 9999999999 | 268 | 0.5116 | 480268190 | 71.4971 |
| **TOTAL 52381 671731000 100.0000** | | | | | |

**(l) Dematerialization of shares and liquidity;**

The shares of the Company are compulsorily traded in dematerialized mode. To facilitate the shareholders to dematerialize the shares, the Company has signed agreements with both the depositories i.e. National Securities Depository Limited and Central Depositories Services (India) Ltd., 96.84% of the share capital of the Company has been dematerialized as on 31st March 2018 - total accounts/Folios dematerialized is 34,490 involving 6,50,52,015 shares.

(m) Outstanding global depository receipts or American depository receipts or warrants or any convertible instruments, conversion date and likely impact on equity;- Nil/None.

(n) Commodity price risk or foreign exchange risk and hedging activities;- Nil/None

(o) Plant locations**;**

| Sr.No. | Location | Main Product |
|---|---|---|
| 1. | Rasayani | Nitro Aromatic Complex - **##** |
| 2. | Cochin | Phenol Complex |

Note : **##- As Unit was closed,** disposal of the relevant plants in this complex is in process.

(p) **Address for correspondence**

(a) Corporate Office at: 401,402,403, 4TH Floor, V Times Square, Sector-15, CBD, Belapur, Navi Mumbai-400614

(b) Regd.office address of the Company:

P.O. Rasayani, Dist.Raigad, Maharashtra PIN -410207

(c) R&T Agents address :

M/s. Bigshare Services Pvt. Ltd.

1st Floor, Bharat Tin Works Bldg., Opp. Vasant Oasis, Makwana Road,

Marol, Andheri (East), Mumbai 400 059 , Maharashtra.

**16. Performance in comparison to broad based indices:**

The relative performance of the shares with that of indices is as under:

| Period | Sensex | BSE-PSU Index | HOCL Price ₹ (BSE) |
|---|---|---|---|
| April 2017 | 25,580.00 | 8599.47 | 24.5 |
| March 2018 | 61,690.00 | 7700.89 | 29.0 |

**17. Other Disclosures**:

- Disclosures on materially significant related party transactions that may have potential conflict with the interests of listed entity at large; None;

[There was no materially significant related party transaction with its Directors/or the Management or Subsidiary or relatives that may have potential conflict with the interests of Company at large] ;

- Details of non-compliance by the listed entity, penalties, strictures imposed on the listed entity by stock exchange(s) or the board or any statutory authority, on any matter related to capital markets, during the last three years; - None. As explanations submitted to the Exchanges {BSE &NSE) suitably.

[There were no case of Non-compliance by the Company of Statutory Provisions of the Companies Act, 2013, [Reg.: Provisions on Audit Committee] or SEBI Regulations or provisions of Listing Regulations (except Clause on C.G. etc) & any other Statutory Authorities. Further, these authorities have passed any strictures (or imposed any penalties) on the Company on relevant matters during the last years and the explanations submitted to the Exchanges (BSE &NSE) suitably.] ;

- **Vigil Mechanism - Whistle blower policy:**

  The Company has instituted procedures for the receipt, retention and dealing with complaints. No person has been denied access to the Audit Committee.

  Your Company has put in place a fraud prevention policy. As a part of compliance with the policy, Company has appointed nodal officers. The fraud prevention policy has been framed to provide a system for detection and prevention of fraud, reporting of any fraud that is detected or suspected and for dealing in matters pertaining to fraud. During the year under review, no such cases were reported.

  In addition, your Company has Vigilance Department ( as per CVC guidelines) to bring greater transparency, integrity and efficiency. The focus of Vigilance department is on Preventive and Participative Vigilance.

  Details of establishment of vigil mechanism whistle blower policy, and affirmation that no personnel have been denied access to the audit committee; Yes – details are also placed on the Company's website www.hoclindia.com , as per LODRRs. (However, due to technical error, the policy is currently not viewable on the company website and therefore setting up of a new website of the Company is in process)

- **Trading in your Company's shares by Directors:**

  None of the Directors holds shares in your Company.

- **Policy for determining material subsidiaries**

- **Criteria for determining Materiality of Subsidiaries:**

  i. A subsidiary of HOCL shall be considered 'material' if the income or net worth of the concerned subsidiary exceeds twenty percent of the consolidated income or net worth respectively, of HOCL and its subsidiaries, in the immediately preceding accounting year.

  ii. Further, HOCL shall not dispose off shares in its material subsidiary which would reduce its shareholding (either on its own or together with subsidiaries) to less than 50% or cease the exercise of control over the subsidiary without the approval of the Central Govt. and without passing a special resolution in its General Meeting except in cases where such divestment is made under a scheme of arrangement duly approved by the Govt./by a Court/tribunal.

  iii. Further, selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the material subsidiary on an aggregate basis during a financial year shall require prior approval of the Central Govt. and the approval of shareholders by way of special resolution, unless the sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/ Tribunal.

  The policy for determining material subsidiaries is disclosed on the website www.hoclindia.com (However, due to technical error, the said Policy is currently not viewable on the company website and therefore setting up of a new website of the Company is in process.

**18. Prevention of Insider Trading:**

The Company has adopted a Code of Conduct for prevention of Insider Trading with a view to regulate trading in securities by the Directors and designated employees of the Company. The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Company Secretary of the company is responsible for implementation of the Code.

All Board Directors and the designated employees have confirmed compliance with the Code.

**19. Management Discussion & Analysis Report:**

Management discussion & Analysis Report is annexed to the Directors' Report which forms part of this Annual Report.(Annexure IV)

Further it is affirmed that no personnel has been denied access to the audit committee;

- Details of compliance with mandatory requirements and adoption of the non- mandatory requirements; - Yes. – Duly effected as applicable and are provided in this report;
- Web link where policy for determining 'material' subsidiaries is disclosed;

  -- www.hoclindia.com .The information/documents required to be hosted on the website of the Company under the provisions of the Act and LODR were hosted as prescribed. However, the same are not available for viewing and verification due to certain technical errors and in view of this the Company is in the process of setting up a new website of the Company.
- Web link where policy on dealing with related party transactions; N.A.
- Disclosure of commodity price risks and commodity hedging activities. N.A.

**20.** Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) above, with reasons thereof shall be disclosed. - Not applicable. [as all compliances as in (2) to (10) above were duly complied with.] ; {As on 31-03-2018 all applicable compliances in connection with the Board's composition, other relevant and applicable compliances etc. were complied with all the requirements of the Listing Regulations entered into with the Stock Exchanges }

**21.** The corporate governance report shall also disclose the extent to which the discretionary requirements as specified in Part E of Schedule II have been adopted.- yes, as applicable.

Following are the requirements as specified in Part E of Schedule II:

A. **The Board**

A non-executive chairperson may be entitled to maintain a chairperson's office at the listed entity's expense and also allowed reimbursement of expenses incurred in performance of his duties. -- Yes.

B. **Shareholder Rights.**

A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders. – Yes.

C. **Modified opinion(s) in audit report**

The listed entity may move towards a regime of financial statements with unmodified audit opinion.- will be complied with accordingly.

Further in the current year 2017-18, Auditors have given their unmodified opinion auditors Reports [both on Standalone & Consolidated Accounts].

D. **Separate posts of chairperson and chief executive officer**

The listed entity may appoint separate persons to the post of chairperson and managing director or chief executive officer.- -As per company's Articles of Association, the power to appoint Board of Directors of the company vests with the GOI/President of India.

E. **Reporting of internal auditor**

The internal auditor may report directly to the audit committee.- yes.

**22.** Declaration to be added that the Company has made adequate disclosures required under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations , provided the Company has made disclosures.

It is hereby confirmed and declared that, Company has made adequate disclosures required under Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the Listing Regulations.

**For Hindustan Organic Chemicals Ltd.,**

**Sd/-**
**(Mrs. Susheela S. Kulkarni)**
**Company Secretary**

**Date: 10-08-2018**

## (Annexure VI)

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE REPORT**

To,

The Members of **Hindustan Organic Chemicals Limited**

1. This certificate is issued in accordance with the terms of our engagement with Hindustan Organic Chemicals Limited (the Company/ HOCL).
2. The Corporate Governance Report prepared by the company contains as required by the provisions of chapter IV of Securities and Exchange Board of India (Listing Obligations Requirements) Regulation, 2015, as amended ('Listing Regulation') ('Applicable Criteria') for the year ended March 31, 2018.
3. The report is required by the company to be annexed with the Directors' Report, in terms of para E of schedule V to the aforesaid Listing Regulation, for future being sent to the shareholder of the company.
4. We have examined the compliance of condition of Corporate Governance by the company for the year ended on March 31, 2018, as stipulated in
   - Regulation 17 to 27 and clauses (b) to (i) of Regulation 46 (2) and paragraphs C, D and schedule V to the SEBI Listing Regulations
   - And the Guidelines on Corporate Governance for Central Public Sector Enterprises (guidelines) as issued by the Department of Public enterprises (DPE) of Ministry of Heavy Industries and Public Enterprises, Government of India.

**Management's Responsibility**

5. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
6. The Management along with the Board of Directors are also responsible for ensuring that the company complies with the conditions of Corporate Governance as stipulated in the Listing Regulation, issued by the Securities and Exchange Board of India.

**Auditor's responsibility**

7. Our responsibility is to express a reasonable assurance in the form of an opinion whether the company has complied with the specific requirements of the Listing Regulation referred to in paragraph 6 above.
8. We have carried out an examination of the relevant records of the company in accordance with the Guidance Note on Certificate of Corporate Governance issued by the Chartered Accountants of India (the "ICAI"), the standards on Auditing specified under 143 (10) of the Companies Act 2013, in so far applicable for purpose of this certificate and as per the Guidance Note on Reports or Certificate for Special Purpose issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
9. The procedures selected depend on the auditor's judgment, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include.
   I. Reading and understanding of the information prepared by the company and included in its Corporate Governance Report;
   II. Obtained and verified that the composition of the Board of Directors w.r.t executive directors has been met throughout the reporting period.
   III. Obtained and read the minutes of the following meeting held in the Financial Year 2017-18:
      a) Board of Directors meetings;
      b) Audit Committee meetings;
      c) Stakeholder Relationship Committee meetings;
      d) Nominations and Remunerations Committee meetings;
      f) Independent Directors meeting;
   IV. Obtained necessary representations and declarations from directors of the company including the independent directors; and
   V. Performed necessary inquiries with the Management and also obtained necessary specific representations from Management.
10. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further our scope of work under this report did not involve us performing audit tests for the purpose of expressing an opinion on the fairness or accuracy of any of the financial information, or the financial statements of the company taken as a whole.
11. We have complied with the relevant applicable requirements of the Standards on Quality Control (SQC) 1, Quality Control for Firms that Perform Audit and Reviews of Historical Information, and Other Assurance and related Services Engagements.

**Opinion**

12. In our opinion and to the best of our information and according to the explanations given to us, *subject to the fact that the website of the company is not available for viewing and verification*, we certify that the Company, has in all material respects, complied with the conditions of Corporate Governance as stipulated Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Paragraphs C, D and E of Schedule V to the SEBI Listing Regulations for the year ended March 31,2018 as well the Guidelines issued by the DPE subject Guidelines

**Other matters and Restriction on Use**

13. We further state that such compliance is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.
14. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to whom it is shown or into whose hands it may come with without our prior consent in writing. We have no responsibility to update this report for events and circumstance occurring after the date of this report.

For **M. B. Agrawal & Co.**
Chartered
Accountants
Firm RegistrationNo.100137W

Harshal Agrawal
Partner
Membership No.:109438

Place : Mumbai
Dated: August 28, 2018

## Annexure VII

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2017**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014].*

To,

**The Members,**

**HINDUSTAN ORGANIC CHEMICALS LIMITED**

**CIN:L99999MH1960GOI011895**

**Post Rasayani, Dist-Raigad,**

**Raigad, Maharashtra,**

**PIN Code: 410207.**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Hindustan Organic Chemicals Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

**We note that the Company is registered as a Sick Unit of BIFR and the Company has been registered as a Sick Company vide BIFR Order No. Case No.501/2014 dated 30th September, 2014.**

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, during the audit period covering the financial year ended on **31st March 2017**,***subject to our observations stated elsewhere in this report***, the Company has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31stMarch, 2017** according to the provisions of:

i. The Companies Act, 2013 (the Act)and the rules made thereunderand the applicable provisions of Companies Act, 1956;
ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - **Not Applicable to the Company during the financial year under review;**
v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009–**Not Applicable as the Company has not issued any securities during the financial year under review**;
   d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations,2014–**Not Applicable as the Company has not made any offer of its stock or shares to its employees during the financial year under review**;
   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008–**Not Applicable as the Company has not issued or listed any debt securities during the financial year under review**;
   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding theCompanies Act and dealing with client - **Not**

**Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review;**

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009**;**

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 -**Not applicable as the Company has not bought back/proposed to buy-back any of its securities during the financial year under review.**

vi. The Management has informed that the following laws arespecifically applicable to the Company:

a) Petroleum Act, 1934 and Petroleum Rules, 2002;

b) Manufacture, Storage and Import of Hazardous Chemicals (Amendment) Rules,2000;

c) The Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008;

d) Inflammable Substance Act, 1952;

e) The Poisons Act, 1919 and Maharashtra Poisons Rules, 1972.

f) Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010;

We have also examined compliance with the applicable provisions of the following:

(i) Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;

We report that the Company has partially complied with SS-1.

(ii) SEBI(Listing Obligations and Disclosure Requirements), Regulations, 2015 (LODR) and the Listing Agreement entered into with National Stock Exchange of India Limited (upto 24th August, 2017) and BSE Limited.

During the year under review the Company has **not** complied with the following Statutory/ Regulatory requirements:

***1.) Chairing of the Audit Committee by an Independent Director (chaired by a Non-Executive Director);***

***2.) Chairing of the Stakeholders Relationship Committee by a Non – Executive Director (chaired by Executive Director);***

***3.) Conducting of prescribed number of meetings of the Audit Committee during the year under review;***

***4.) Constitution of Nomination and Remuneration Committee;***

***5.) Filing of Form MGT-14 with respect to the appointment of Secretarial Auditor for the financial year 2016-17.***

***6.) Filing of Forms with Registrar of Companies within the prescribed time limits;***

***7.) Formulation of following policies as prescribed under the provisions of Companies Act, 2013 and Listing Regulations:***

***a) Policy on materiality of Related Party Transactions;***

***b) Policy for determining 'material' subsidiary;***

***c) Archival Policy;***

***d) Policy on materiality of events/information;***

***8.) Conducting of meeting of Independent Directors as required under the Act and Listing Regulations;***

***9.) With regard to the disclosures to be made in the Annual Report for the financial year ended 31st March 2017;***

***10.) Annexing the Secretarial Audit Report for the Financial Year ended 31st March, 2016 to the Report of Board of Directors for the year ended 31st March, 2016;***

***11.) With regard to disclosures / intimation to the stock exchanges as required under LODR.***

We further report that the following documents/ information required to be hosted on the Company's website as per the provisions of applicable SEBI Regulations could not be verified due to non-functioning of hyperlinks:

a) Insider Trading Code;

b) Policy on materiality of Related Party Transactions;

c) Policy on preservation of documents;

d) Policy for determining 'material' subsidiary;

e) Archival Policy;

f) Policy on materiality of events/information;

g) Details of Familiarization programme conducted for Directors

h) Annual Report of the Company for the financial year 2016-17

i) Shareholding pattern

j) Financial results of the Company for the quarter ended 30th June, 2016 and 30th September, 2016.

**We further report that: -**

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act;
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent atleast seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while dissenting members views are captured and recorded as part of the Minutes.

**We further report that** based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Chairman and Managing Director and taken on record by the Board of Directors at their meeting(s), we are of the opinion that there are adequate systems and processes in place in the Company which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines: -

- As informed to us and also reported in the compliance reports placed before the Board from time to time, the Company has defaulted on various statutoryPayments.
- The Company has responded to notices for demands,claims,penalties etc.,levied by various statutory/regulatory authorities and initiatedactions for corrective measures,wherever found necessary.

**We further report that** during the audit period no event has occurred which has a major action having a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. except the following:

- The Board of Directors at its Meeting held on 20th January, 2017 approved the proposal to delist the Equity shares of the Company from National Stock Exchange of India Limited. The equity shares were delisted from the Exchange with effect from 24th August, 2017.

v The Members on 28th March, 2017 approved the following proposals through postal ballot:

a. Sale of 442 acres of Company's land at Rasayani to Bharat Petroleum Corporation Limited @ ₹ 1.40 crore per acre;

b. Disinvestment of its entire stake in its subsidiary Company - Hindustan Fluorocarbons Limited.

**For S. N. ANANTHASUBRAMANIAN & CO.**
**Company Secretaries**
**Firm Registration No. P1991MH040400**

**Sd/-**
**Malati Kumar**
**Partner**
**ACS. : 15508**
**COP No: 10980**

**Date : 15th June, 2018**
**Place : Thane**

## Annexure VII

**Audit Observations & Management Replies thereon –Reg. Secretarial Audit Report FY 2016-17**

| Sr. No. | Observation | Reply |
|---|---|---|
| 1 | Chairing of Audit Committee by Independent Directors(chaired by a non-executive Director) | The 3 Independent Directors unanimously requested Ms. Meenakshi Gupta,AS&FA to continue as Chairman of the Audit Committe of the Board. Subsequently, the Audit Committee was again re-constituted on 29/05/2017 and Ms.Pushpa Trivedi was appointed as the Chairman of the Audit Committee of the Board. |
| 2. | Chairing of Stakeholders Relationship Committee by a Non-Executive Director(chaired by Executive Director) | In view of the existence of at present only one Functional Director [viz. Mr. S.B.Bhide, CMD, HOCL] on our Company's [HOCL] Board and due to their preoccupations and busy schedules due to their various business commitments, the availability of the other Board Members [viz. Government Nominee Directors & Independent Directors] is doubtful when required [for holding the said Stakeholders Relationship Committee] on receipt of requisitions from the Co.'s RTAs, in order to attend to the timely/frequent shares transfers, deletions / transmissions requisitions [as per SEBI guidelines], the present composition of the said Committee comprised of 2 Members Committee. |
| 3. | Conducting of prescribed Audit Committee meetings during the year under review. | Required Meetings of the Committee were duly convened and conducted [from time to time] as applicable and for quarterly financial results etc. |
| 4. | Constitution of Nomination And Remuneration Committee | Duly complied with as the Nomination And Remuneration Committee of the Board was constituted on 29-05-2017. |
| 5. | Filing of Form MGT-14 with respect to the appointment of Secretarial Auditor for the F.Y. 2016-17 | Already filed & on records. |
| 6. | Filing of Forms with Registrar of Companies within the prescribed time limits. | Already filed & on records. |
| 7. | The Company has not formulated the following polices as prescribed under the provisions of Companies Act,2013 and LODR:1)Policy on materiality of Related Party Transactions2)Policy for determining 'material' subsidiary 3)Archival Policy4)Policy on materiality of events/information. | All the relevant and applicable Policies are already in place at our HOCL Web site.<br>(However, due to technical error, those Policies are currently not viewable on the company website and therefore setting up of the new website of the Company is in process) |
| 8. | Conducting of Meeting of Independent Directors as required under the Act and Listing Regulations. | Upto Jan., 2017 there was only one independent Director on the Company's Board. Subsequently the other 2 Independent Directors were appointed only during Feb., 2017. Hence the separate Meeting of Independent Directors could not be held in 2016-17. |
| 9. | With regard to the disclosures to be made in the Annual Report for the F.Y. ended 31st March 2017 | Already included in the Corporate Governance Report in Annexure V to the Directors' Report. |
| 10. | Annexing the Secretarial Audit Report for the Financial Year ended 31st March,2016 to the Report of Board of Directors for the year ended 31st March,2016 | Yes, complied with SA Report MR-3 of 2015-16 was included (on its receipt in Feb.,2017) in the 56th Annual Report of our Company. |
| 11. | With regard to disclosures/ intimation to the stock exchanges as required under LODR | Duly complied with all the quarterly Compliances reports along with relevant explanations for non -compliance (if any reg. Independent Directors, Audit Committee etc.) duly submitted copies of our quarterly compliance reports were also submitted for verification during audit period. |

**For Hindustan Organics Chemicals Limited**
**[Company Secretary [KMP] & Compliance Officer]**

**Dt.: 29/05/2018**

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014].*

To,
**The Members,**
**HINDUSTAN ORGANIC CHEMICALS LIMITED**
**CIN:L99999MH1960GOI011895**
**Post Rasayani, Dist-Raigad,**
**Raigad, Maharashtra,**
**PIN Code: 410207.**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Hindustan Organic Chemicals Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

We note that the Company was registered as a Sick Company vide BIFR Order No. Case No.501/2014 dated 30th September, 2014. The Company has informed that the Department of Chemicals & Petrochemicals, Ministry of Chemicals and Fertilizers, Government of India vide letter dated May 25, 2017 informed the Company that Cabinet Committee on Economic Affairs has approved a Restructuring Plan of Hindustan Organic Chemicals Limited.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, during the audit period covering the financial year ended **31st March 2018**, the Company has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and ***subject to our observations stated elsewhere in this report*** made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2018** according to the provisions of:

i. The Companies Act, 2013 (the Act) and the Rules made thereunder and the applicable provisions of Companies Act, 1956;

ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - **Not applicable to the Company during the financial year under review;**

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 – **Not applicable as the Company has not issued any securities during the financial year under review**;

   d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 – **Not applicable as the Company has not made any offer of shares to its employees during the financial year under review**;

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review;**

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – **Not applicable as there was no reportable event during the financial year under review;**

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable as the Company has not bought back/ proposed to buy-back any of its securities during the financial year under review.**

vi. The Management has informed that the following laws are specifically applicable to the Company:

   a) Petroleum Act, 1934 and Petroleum Rules, 2002;

   b) Manufacture, Storage and Import of Hazardous Chemicals (Amendment) Rules, 2000;

c) The Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008;

d) Inflammable Substance Act, 1952;

e) The Poisons Act, 1919 and Maharashtra Poisons Rules, 1972.

f) Guidelines on Corporate Governance for Central Public Sector Enterprises, 2010;

We have also examined compliance with the applicable provisions of the following:

(i) Secretarial Standards with regard to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;

(ii) SEBI(Listing Obligations and Disclosure Requirements), Regulations, 2015 (LODR) and the Listing Agreement entered into with BSE Limited.

During the year under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc., mentioned above subject to the following:

1. ***The meeting of the Audit Committee held on 29th May 2017 was not chaired by an Independent Director;***
2. ***The meetings of the Stakeholders Relationship Committee were chaired by an Executive Director;***
3. ***The Company has not filed Form MGT 14 with regard to the Report of Board of Directors for the year ended 31st March, 2017 and appointment of Internal Auditors for the Financial Year 2017-18;***
4. ***Not complied with Secretarial Standards with regard to Meetings of Board of Directors (SS-1);***
5. ***The Company has not formulated the following policies as prescribed under the provisions of Companies Act, 2013 and LODR:***
   ***a) Policy on materiality of Related Party Transactions;***
   ***b) Policy for determining 'material' subsidiary;***
   ***c) Archival Policy;***
   ***d) Policy on materiality of events/information;***
6. ***The Company has not***
   ***a. made certain disclosures as required in LODR in the Annual Report for the financial year ended 31st March 2017;***
   ***b. annexed the Secretarial Audit Report for the Financial Year ended 31st March, 2017 to the Report of Board of Directors for the year ended 31st March, 2017;***
   ***c. made all the necessary intimation / disclosures to the stock exchanges under LODR.***

We further report that as informed and represented by the Company the information/documents required to be hosted on the website of the Company under the provisions of the Act and LODR were hosted as prescribed. However, the same are not available for viewing and verification due to certain technical errors and in view of this the Company is in the process of setting up a new website.

**We further report that: -**

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act;
- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were generally sent seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through while dissenting members views are captured and recorded as part of the Minutes.

**We further report that** based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Chairman and Managing Director and taken on record by the Board of Directors at their meeting(s), we are of the opinion that there are adequate systems and processes in place in the Company which is commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines: -

- As informed to us and also reported in the compliance reports placed before the Board from time to time, the Company has defaulted on various Statutory Payments.
- The Company has responded to notices for demands,claims,penalties etc.,levied by various statutory/regulatory authorities and initiatedactions for corrective measures, wherever found necessary.

**We further report that** during the audit period no event has occurred which has a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. except the following:

- Redemption of ₹ 100 crore Series XX unsecured 10.57% Non-Convertible Bonds on August 28, 2017.
- Redemption of ₹ 150 crore Series XXI unsecured 8.73% Non-Convertible Bonds on September 28, 2017.
- The Members on 26th April, 2017 approved the following through postal ballot
  a) Transfer of Company's N204/ CNA Plant at HOCL, Rasayani to ISRO, Department of Space, Government of India alongwith (approximate) 20 acres of land and manpower on 'as is where is basis' as approved by Government of India, including other relevant Statutory approvals;
  b) Proposal for Stoppage of 2 Plants viz. Nitrobenzene & Formaldehyde Plants at Company's (HOCL) Rasayani Unit) along with approval for disposal of 7 Plants (of Rasayani Unit) namely, Nitrobenzene II &III, Formaldehyde, Aniline II & III, Hydrogen III and Nitro toluene and Super Structures disposal and consequent closure of Rasayani Unit Operations.

**For S. N. ANANTHASUBRAMANIAN & CO.**
**Company Secretaries**
**Firm Registration No. P1991MH040400**

**Sd/-**
**Malati Kumar**
**Partner**
**ACS. : 15508**
**CP No :10980**

**Date : 2nd August , 2018**
**Place: Thane**

**Audit Observations & Management Replies thereon –Reg. Secretarial Audit Report FY 2017-18**

| Sr. No. | Observation | Reply |
|---|---|---|
| 1 | The meeting of the Audit Committee held on 29th May 2017 was not chaired by an Independent Director. | The meeting of the Audit Committee held on 29th May 2017 was not chaired by an Independent Director because the Audit Committee was reconstituted to appoint Ms. Pushpa Trivedi as Chairman of the Audit Committee. Therefore, the 29/05/17 Audit Committee was chaired by the then existing Chairman of the Audit Committee. |
| 2. | The meetings of Stakeholders Relationship Committee was chaired by an Executive Director. | In view of the existence of at present only one Functional Director [viz. Mr. S.B.Bhide, CMD, HOCL] on our Company's [HOCL] Board and due to their preoccupations and busy schedules due to their various business commitments, the availability of the other Board Members [viz. Government Nominee Directors & Independent Directors] is doubtful when required [for holding the said Stakeholders Relationship Committee] on receipt of requisitions from the Co.'s RTAs, in order to attend to the timely/frequent shares transfers, deletions / transmissions requisitions [as per SEBI guidelines], the present composition of the said Committee comprised of 2 Members Committee. |
| 3. | The Company has not filed Form MGT-14 with regard to Report of Board of Directors for the year ended 31st March,2017 and appointment of Internal Auditors for the F.Y.2017-2018. | Already filed & on records. |
| 4. | Non-Compliance with the Secretarial Standard for Board meetings (SS-1) | Duly complied SS-1 & Further this was already confirmed elsewhere in the S.A. Report (MR-3) that the SS-1 is complied with. |
| 5. | The Company has not formulated the following polices as prescribed under the provisions of Companies Act,2013 and LODR:1)Policy on materiality of Related Party Transactions. 2)Policy for determining 'material' subsidiary. 3)Archival Policy. 4)Policy on materiality of events/ information. | All the relevant and applicable Policies are already in place at our HOCL Web site.<br>(However, due to technical error, those Policies are currently not viewable on the company website and therefore setting up of the new website of the Company is in the process) |
| 6. | The Company has not;1)Made certain disclosures as required in LODR in the Annual Report for Financial year ended 31st March 2017.2) annexed the Secretarial Audit Report for the Financial Year ended 31st March, 2017 to the Report of Board of Directors for the year ended 31st March, 2017. | 1) Duly complied with all the quarterly Compliances reports along with relevant explanations for non -compliance (if any reg. Independent Directors, Audit Committee etc.) duly submitted copies of our quarterly compliance reports were also submitted for verification during audit period.; 2)duly complied with as SA Report -MR-3 of 2016-17 was included (on its receipt in June, 2018) in the current 57th AR of our Company. |

**For Hindustan Organics Chemicals Limited**
**[Company Secretary [KMP] & Compliance Officer]**

**Dt.: 10/08/2018**

## INDEPENDENT AUDITOR'S REPORT

To the Members of **Hindustan Organic Chemicals Limited**

**Report on the Revised Standalone Ind AS Financial Statements**

We have audited the accompanying standalone Ind AS financial statements of **M/s. Hindustan Organic Chemicals Limited** ("the Company"), which comprise the Balance Sheet as at March 31st, 2018, and the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements").

**Management's Responsibility for the Revised Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone IndAS financial statements to give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view inconformity with the accounting principles generally accepted in India including Ind AS, of the financial position of the Company as at 31st March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Emphasis of Matter**

(a) Attention is drawn to Note no. 31 to the standalone IndAS financial statements which state that the Government of India has approved the restructuring plan of the company which includes closure of all the plants at Rasayani unit except the Conc. Nitric Acid/N2O4 Plant which is now handed over to ISRO and VRS to the employees is also provided except those associated with operation of Conc. Nitric Acid / N2O4 plant at Rasayani and the skeletal staff required to implement the proposed restructuring. However, Kochi unit is operational, in view of this, the financial statement has been prepared on Going Concern basis.

(b) The balances of trade payables, loans & advances and other current assets and other debit/credit balances are pending for confirmations and reconciliation (Note no. 36). The effect on the same on the loss is not ascertainable.

(c) Attention is drawn to Note no. 13(c)(iv) to the standalone IndAS financial statements which state that the Company has made provision for penal interest on Government loan, however, no provision has been made for interest on interest as per the sanction terms of the loan. Interest on interest *has not been* provided from the year 01.04.2001 to 31.03.2018 amounting to ₹ 2,41,63 lakhs, accordingly loss to the said extent over the period of years has not been booked.

**Other Matter**

We did not audit the IndAS financial statements / information of the Kochi unit included in the standalone IndAS financial statements of the Company whose financial statements / information reflecting the total assets of ₹ 20,954.81 lakhs (excluding inter-branch balance) as at 31st March, 2018 and total revenue of ₹ 22,525.24 lakhs and total comprehensive loss of ₹ (5,031.52) lakhs for the year ended on that date, as considered in the standalone IndAS financial statement. The IndAS financial statement / information of the unit has been audited by the Independent Branch Auditors whose report has been furnished to us and our opinion in so far as it relates to the amounts and disclosures included in respect of this unit is based solely on the report of such Branch Auditor.

Our opinion is not modified in respect of this matter.

**Report on Other Legal and Regulatory Requirements**

1. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub section (11) of section 143 of the Act (hereinafter referred to as "Order"), we give in the Annexure A, statement of the matters specified in paragraphs 3 and 4 of the Order.

2. As required by the directions and sub-directions issued by the office of the Comptroller & Auditor General of India under section 143(5) of the Act, we give in the Annexure B, a statement on the matters referred to in those directions.

3. As required by Section 143 (3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The report on the accounts of the Branch office of the Company audited under section 143(8) of the Act by the Branch Auditors have been sent to us and have been properly dealt with by us in preparing this report.

   d) The Balance Sheet, Statement of Profit and Loss, the Cash Flow Statement and the statement of changes in equity dealt with by this Report are in agreement with the books of accounts of the company.

   e) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   f) As per the notification no. G.S.R. 463(E) dated June 05, 2015, the Government companies are exempted from provisions of section 164(2) of the Act. Accordingly we are not required to report whether any directors are disqualified in terms of provisions contained in the said section.

   g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure C and

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

      i. The Company has disclosed the impact of pending litigations on it financial position in its financial statements – Refer Note no. 37 to the IndAS financial statements;

      ii. The Kochi unit of the Company has entered into long term transmission contract with Gas Authority of India Limited (GAIL) for the supply of Liquefied Natural Gas in the year 2011 for the period of 15 years ending in 2026. Material foreseeable loss on this contract is not quantifiable in current scenario. Other than this, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2018.

4. Based on the observations of the Comptroller and Auditor General of India, additions/revisions have been carried out. We give in the Annexure D, the statements of the said additions/revisions which has been carried out.

**For M B Agrawal & Co.**

**Chartered Accountants**

**FRN No: 100137W**

**Sd/-**

**Harshal Agrawal**

**Partner**

**Membership No: 109438**

**Place: Mumbai**

**Date: 27th August, 2018**

## Annexure – A to Independent Auditors' Report

**(Referred to in Paragraph 1 of the Independent Auditors' Report to the Members of even date)**

i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically been verified by the management at reasonable intervals.

In Kochi unit, verification of the fixed assets was carried out during the year.

In Rasayani unit, the Company carried out Impairment study by an external independent agency and incorporated impairment losses appropriately in the books of account.

(c) The title deeds of immovable properties are held in the name of the Company.

ii. (a) The inventory has been physically verified by the management at reasonable intervals during the year.

(b) The Company has made proper records of inventory. As explained to us, the discrepancies between the physical inventory and the books records noticed on physical verification were not material.

iii. According to the information and explanations given to us, the Company has granted secured loan to its subsidiary – Hindustan Flurocarbons Ltd (HFL) and unsecured advance in the nature of loan to its joint venture subsidiary company – HOC Chematur Ltd. covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which :

(a) The loan to HFL is interest free to the extent of ₹ 2744.06 lakhs under BIFR agreement and has varying interest rates of 10.25% to 14.5% on amount of ₹ 453.01 lakhs. Both the principal amount and interest on this loan has not been received by the Company as per stipulation.

(b) The advance to HOC-Chematur Ltd. of ₹ 1064.46 lakhs is interest free and there is no stipulation as to repayment of principal. The advance has been fully written off against provision made as it is doubtful recovery.

(c) In both the cases, except follow up, the company has not taken any other steps for recovery of dues.

iv. The Company has not entered into any transaction regarding the provisions of section 185 and 186 of the Companies Act, 2013 except for guarantee given by the Holding Company of ₹ 603 lakhs for the loans taken by the subsidiary – HFL, from bank. Based on the information and explanation given to us, the terms and condition of this guarantee are not prejudicial to the interest of the Holding Company.

v. According to information and explanations provided to us, the company has not obtained deposit from public as defined according to the provisions of Section 73 to 76 of the Companies Act, 2013 and the Rules framed thereunder.

vi. We have broadly reviewed the books of accounts maintained by the company in pursuance to the rules made by the Central Government for maintenance of cost records under sub-section (1) of section 148 of the Act, for the certain products of the company and are of the opinion that prima facie and prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.

vii. (a) According to information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, duty of customs, duty of excise, income tax, sales tax, service tax, value added tax, goods and service tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, duty of customs, duty of excise, income tax, sales tax, service tax, value added tax, goods and service tax, cess and other material statutory dues were in arrears as at March 31st, 2018 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us and based on the records of the company examined by us, there are no dues of provident fund, employees' state insurance, duty of customs, duty of excise, income tax, sales tax, service tax, value added tax, goods and service tax, cess and other material statutory dues which have not been deposited on account of any disputes other than those shown below:

**Rasayani Unit:**

| Sr. No. | Name of Statute | Nature of Dues | Period to which the amount relates (F.Y.) | Amount of dispute (₹ In lakhs) | Forum where the dispute is pending |
|---|---|---|---|---|---|
| 1 | Central Excise Act, 1944 | Molten Sulphur Classification | 1997-98 | 15.53 | Customs, Excise and Service Tax Appellate Tribunal |
| 2 | Central Excise Act, 1944 | Molten Sulphur Classification | 1994-95 to 1996-97 | 15.53 | Customs, Excise and Service Tax Appellate Tribunal |
| 3 | Central Excise Act, 1944 | Shortage of inputs | 1998 to 2001 | 18.66 | Bombay High Court |
| 4 | Central Excise Act, 1944 | Shortage of inputs | 2001-02 to 2002-03 | 5.85 | Bombay High Court |
| 5 | Central Excise Act, 1944 | ARO Case (Aniline product valuation) | 2003-04 to 2006-07 | 19.29 | Customs, Excise and Service Tax Appellate Tribunal |
| 6 | Central Excise Act, 1944 | N2O4 Exemption | 2006-07 to 2007-08 | 104.63 | Customs, Excise and Service Tax Appellate Tribunal |
| 7 | Central Excise Act, 1944 | Duty clearance on Molten Sulphur | 1998-99 | 5.05 | Deputy Commissioner Central Excise |
| 8 | Central Excise Act, 1944 | Duty clearance on Molten Sulphur | 1998-99 | 2.59 | Deputy Commissioner Central Excise |
| 9 | Finance Act, 1994 | Wrong credit availed | 2007-08 to 2010-11 | 1.44 | Assistant Commissioner Central Excise |
| 10 | Finance Act, 1994 | Cleaning, gardening and Rent-a-cab services | 2009-10 to 2011-12 | 8.88 | Deputy Commissioner of Central Excise |
| 11 | Finance Act, 1994 | Service tax on canteen services | 2006-07 to 2010-11 | 66.96 | Commissioner of Central Excise, Custom and Service tax |
| 12 | Finance Act, 1994 | Capital goods bill of entry wrong address | 2013-14 to 2014-15 | 17.58 | Commissioner of Central Excise (Appeals) Mumbai |
| 13 | Finance Act, 1994 | Credit disallowed | 2006-07 | 9.34 | CESTAT |
| 14 | Finance Act, 1994 | Penalty and interest payment | 2013-14 to 2014-15 | 10.95 | Superintendent of Service tax |
| 15 | Finance Act, 1994 | Molten Sulphur classification | 1999 | 7.62 | Commissioner of Central Excise |
| 16 | Finance Act, 1994 | Shortage of input | | 13.64 | Commissioner of Central Excise |
| 17 | Finance Act, 1994 | Credit disallowed | 2006-07 | 18.66 | Commissioner of Central Excise |
| 18 | Finance Act, 1994 | Credit disallowed | 2015-16 | 17.80 | Joint Commissioner of Central Excise |
| 19 | Finance Act, 1994 | Works contract services | | 8.90 | Commissioner of Central Excise Appeals |
| 20 | Income Tax Act 1961 | Penalty under section 271(1)(c) | 1998-1999 | 0.00 | Before the Income Tax Appellate Tribunal |
| 21 | Income Tax Act 1961 | Quantum Appeal | 1998-1999 | 0.00 | Before High Court |
| 22 | Income Tax Act 1961 | Penalty under section 271(1)© R.w.s 263 | 1998-1999 | 0.00 | Commisioner of Income Tax Appeals, Mumbai |
| 23 | Income Tax Act 1961 | Penalty under section 271(1)(c) | 2001-02 | yet to be determined | High Court |
| 24 | Income Tax Act 1961 | Penalty under section 271(1)(c) | 2002-03 | 4.66 | Before the Income Tax Appellate Tribunal |
| 25 | Income Tax Act 1961 | Quantum Appeal | 2002-03 | No demand | Before High Court |
| 26 | Income Tax Act 1961 | Penalty under section 271(1)(c) | 2003-04 | yet to be determined | Before the Income Tax Appellate Tribunal |
| 27 | Income Tax Act 1961 | Quantum Appeal | 2003-04 | 0.00 | Before High Court |
| 28 | Income Tax Act 1961 | Disallowance of expenses | 2005-06 | 0.00 | |
| 29 | Income Tax Act 1961 | Disallowance of expenses | 2006-07 | 0.00 | High Court |
| 30 | Income Tax Act 1961 | Disallowance of expenses | 2005 to 2008 | 0.00 | High Court |
| 31 | Income Tax Act 1961 | Disallowance of expenses | 2008-09 | 0.00 | Dispute pending before the high court |
| 32 | Income Tax Act 1961 | Disallowance of expenses | 2009-10 | | N.A. |
| 33 | Income Tax Act 1961 | Disallowance of expenses | 2010-11 | 404.71 | Commisioner of Income Tax Appeals, Mumbai |
| 34 | Income Tax Act 1961 | Disallowance of expenses | 2011-12 | 81.03 | Commisioner of Income Tax Appeals, Mumbai |
| 35 | Income Tax Act 1961 | Disallowance of expenses | 2012-13 | 106.51 | Commisioner of Income Tax Appeals, Mumbai |
| 36 | Income Tax Act 1961 | Disallowance of expenses | 2012-13 | 80.71 | Commisioner of Income Tax Appeals, Mumbai |

**Kochi Unit:**

| | | | | | |
|---|---|---|---|---|---|
| 1 | Finance Act, 1994 | Service tax on Inter unit goods transfer | 2003 to 2006 | 43.36 | CESTAT, Bangalore |
| 2 | Finance Act, 1994 | Tyre re trading charges – Service tax | 2011-12 | 3.17 | CESTAT, Bangalore |
| 3 | Finance Act, 1994 | Service tax on Bus transportation to employees | 2011-12 | 1.10 | Commissioner (Appeals), Ernakulam |

| | | | | | |
|---|---|---|---|---|---|
| 4 | Finance Act, 1994 | Tyre re trading charges – Service tax | 2012-13 | 10.96 | Commissioner (Appeals), Ernakulam |
| 5 | Finance Act, 1994 | Disallowance of Cenvat Credit | 2006 to 2013 | 83.32 | CESTAT, Bangalore |
| 6 | ESI Corporation | Payment of ESI contribution during the period from 01.04.1992 to 31.10.1992 | 2004 | 2.17 | ESI Court, Ernakulam |
| 7 | Central Sales Tax Act 1956 | Levy of Interest | 2005-06 | 155.23 | Tribunal, Dept of Commercial Taxes, Ernakulam |
| 8 | KVAT Act 2003 | Levy of Interest | 2005-06 | 152.63 | Tribunal, Dept of Commercial Taxes, Ernakulam |
| 9 | Central Sales Tax Act 1956 | Disallowance of Input tax credit | 2012-13 | 73.36 | Deputy Commissioner (Appeals), Ernakulam |
| 10 | KVAT Act 2003 | Demand u/s 25(1) | 2011-12 | 714.58 | Commissioner of Commercial Taxes, Thiruvananthpuram |

viii. In our opinion and according to the information and explanations given to us, in absence of adequacy of funds the company has made default in repayment of dues to Government loan as per stipulation. Details of default made by the company are as follows :

(₹ In Lakhs)

| S.N. | Amount of default as at 31st March 2018 | Period of Default |
|---|---|---|
| 1 | 61.60 | 2002-03 |
| 2 | 152.60 | 2003-04 |
| 3 | 212.60 | 2004-05 |
| 4 | 268.50 | 2005-06 |
| 5 | 328.50 | 2006-07 |
| 6 | 388.50 | 2007-08 |
| 7 | 448.50 | 2008-09 |
| 8 | 804.50 | 2009-10 |
| 9 | 749.10 | 2010-11 |
| 10 | 749.10 | 2011-12 |
| 11 | 687.50 | 2012-13 |
| 12 | 828.50 | 2013-14 |
| 13 | 768.50 | 2014-15 |
| 14 | 412.00 | 2015-16 |
| 15 | 844.20 | 2016-17 |
| 16 | 1336.40 | 2017-18 |
| Total | 8980.60 | |

ix. The company has not raised any money via initial public offer or by way of further public offer or term loans and hence reporting under para 3(ix) of the Order is not applicable.

x. According to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid or provided managerial remuneration during the year under audit in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.

xii. In our opinion, the company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. According to the information and explanations provided to us, and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the standalone Ind AS financial statements as required by the applicable Indian accounting standards.

xiv. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

xv. According to the information and explanations provided to us, and based on our examination of the records of the Company, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For M B Agrawal & Co.**
**Chartered Accountants**
**FRN No: 100137W**

**Sd/-**
**Harshal Agrawal**
**Partner**
**Membership No: 109438**

**Place: Mumbai**
**Date: 27th August, 2018**

## Annexure B to the Independent Auditors Report

To the Members of Hindustan Organic Chemicals Limited for the year ended 31st March, 2018 (Referred to in paragraph 2 under Report on Other Legal and Regulatory Requirements)

As required by the directions and sub-directions issued by the Office of the Comptroller and Auditor General of India under Section 143(5) of the Act, we give below our comments on the matter referred therein

1. Whether the Company has clear title/lease deeds for freehold and leasehold respectively? If not please state the area of freehold & leasehold land for which title/lease deeds are not available?

   **Kochi unit** :

   Based on the information and explanation given to us we report that the unit has clear title deeds for freehold land. The unit does not have any leasehold land.

   **Rasayani unit:**

   Based on the information and explanation given to us we report that the unit has clear title/lease deeds for freehold/ leasehold land.

2. Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.

   **Kochi unit** :

   According to the information and explanation given to us, there are no write offs of debts in the company.

   **Rasayani unit** :

   According to the information and explanation given to us, there are no write offs of debts in the company.

3. Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities?

   **Kochi unit** :

   The unit does not maintain inventory at third party locations. The unit has not received any gift from Government or other authorities.

   **Rasayani unit** :

   The unit does not maintain inventory at third party locations. The unit has not received any gift from Government or other authorities.

4. State the area of land under encroachment and briefly explain the steps taken by the Company to remove the encroachment.

   **Rasayani unit:**

   As informed to us, in Rasayani unit, land measuring 39.63 acres (approx.) is under encroachment as per the report of the consultant appointed in 2015 and there is public road constructed approximating 10.776 acres. In the financial statements, the land at Rasayani to the extent of 39.63 acres have not been revalued total amounting to ₹ 5548.20 lakhs.

   The company has during the year, initiated Survey proceedings of land by Government of Maharashtra and the survey of entire land is in progress. The impact in the financial statements on account of the above, if any, would be subject to the final encroachment determined on the completion of the survey.

**For M B Agrawal & Co.**
**Chartered Accountants**
**FRN No: 100137W**

**Sd/-**
**Harshal Agrawal**
**Partner**
**Membership No: 109438**

**Place: Mumbai**
**Date: 27th August, 2018**

## Annexure – C to Independent Auditors' Report

To the Members of Hindustan Organic Chemicals Limited for the year ended 31st March, 2018

**(Referred to in Paragraph 3(f) of the Independent Auditors' Report of even date)**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. We have audited the internal financial controls over financial reporting of Hindustan Organic Chemicals Limited ("the Company") as of March 31st, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

6. A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that
   (a) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
   (b) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
   (c) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

7. Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. According to the information and explanation given to us, the Company has not established its internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2018.

**For M B Agrawal & Co.**
**Chartered Accountants**
**FRN No: 100137W**

**Sd/-**
**Harshal Agrawal**
**Partner**
**Membership No: 109438**

**Place: Mumbai**
**Date: 27th August, 2018**

## Annexure – D to Independent Auditors' Report

To the Members of Hindustan Organic Chemicals Limited for the year ended 31st March, 2018

**(Referred to in Paragraph 4 of the Independent Auditors' Report to the Members of even date)**

**Based on the observations of the Comptroller and Auditor General of India, following additions / revisions have been carried out :**

**Additions/Revisions in the Audit report:**

1) Non-applicability of the provisions of section 164(2) of the Companies Act, 2013 being a Government Company. Refer note 3(f) of the Independent Audit Report.
2) Amendments to the sub-directive under section 143(5) regarding the title deeds and other matter pertaining to Rasayani/Kochi Unit. Refer Annexure B of the Independent Audit Report.

**Additions/Revisions in the Accounts:**

| Sl. No. | Note No. | Subject |
|---|---|---|
| a. | 9 | Cash and Cash Equivalents: |
| | | Deposits with original maturity of less than three months increased by ₹ 12.52 lakhs. |
| b. | 10 | Other Financial Assets |
| | | Accrued Interest on Deposit increased by ₹ 1.26 Lakhs. |
| c. | 6b | Other Curent Assets |
| | | Statutory receivable - Duties and Taxes Increased by ₹ 2.74 lakhs |
| d. | 12b | Retained Earnings |
| | | Profit / (Loss)- Loss increased by ₹ 29.15 lakhs |
| c. | 14b | Trade Payables: |
| | | Increase in Trade payable by ₹11.81 lakhs |
| d. | 15b | Short Term Provisions |
| | | Penal Interest on GoI loan additional provided ₹ 26.81 lakhs |
| e | 19 | Other Liabilities: |
| | | Increase in liabilities by ₹7.05 Lakhs. |
| f | 21 | Other Income |
| | | Interest Income increase by ₹ 16.52 lakhs (27.40+1.26-12.14) |
| g | 24 | Employee Benefit Expenses |
| | | Wage revision arrears ₹ 2207 Lakhs to Employees reclassified from Other Expenses |
| | | (Prior Year expenses) to Employees Benefit Expenses in 2016-17. |
| h | 27 | Other Expenses |
| | | Increase in Repairs & Maintenance by 1.33 lakhs, Admin Expenses by ₹ 17.53 Lakhs |
| | | and GoI loan Penalty by ₹ 26.81 Lakhs |
| | | |
| **The following additional Notes / modification to Notes given in compliance with provisions of Ind AS.** | | |
| a. | 3d | Non- Current Assets held for sale, . |
| b. | 13(iv) | GoI loan Penal Interest on interest ₹ 24163 Lakhs not provided. Please refer to para (c) on Emphasis of Matter of our Report. |
| c. | 29c | Employee Benefit Plan on account amendment to Gratuity, Actuarial valuation assumptions. |
| d. | 37 | Related Party disclosure related to Subsidiary Company, Trusts and significant transaction with other Govt. Companies and Key Managerial Personnel. |
| e | 39I | Reconciliation of Equity. |
| f | 39II | Reconciliation of Statement of Profit and Loss |
| g | Cash flow statement | |
| h | 39III | Effect of Ind AS adoption on Cash Flow. |

**For M B Agrawal & Co.**
**Chartered Accountants**
**FRN No: 100137W**

**Sd/-**
**Harshal Agrawal**
**Partner**
**Membership No: 109438**

**Place: Mumbai**
**Date: 27th August, 2018**

## Standalone Balance Sheet as at 31st March, 2018

(₹ in Lakhs)

| Particulars | Notes | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **1. Non Current assets** | | | | |
| a) Property, Plant and equipment | 3a | 10,239.50 | 1,63,654.15 | 1,65,295.60 |
| b) Capital Work- in- Progress | 3b | - | 433.22 | 433.22 |
| c) Investment Property | 3c | 5.08 | 5.08 | 5.08 |
| d) Intangible assets | 3d | - | 1.05 | 7.64 |
| e) Financial Assets | | | | |
| i) Investments | 4 | 889.80 | 889.80 | 889.80 |
| ii) Loans | 5a | 2,861.69 | 2,834.32 | 2,839.69 |
| f) Other Non-current assets | 6a | 145.90 | 144.94 | 143.96 |
| Total Non-current assets | | **14,141.97** | **1,67,962.56** | **1,69,614.99** |
| **2. Current assets** | | | | |
| a) Inventories | 7 | 5,731.34 | 4,392.29 | 3,131.91 |
| b) Financial assets | | | | |
| i) Trade Receivables | 8 | 439.00 | 492.62 | 641.12 |
| ii) Cash and cash equivalents | 9 | 10,904.28 | 341.47 | 221.59 |
| iii) Loans | 5b | 540.32 | 565.13 | 499.67 |
| iv) Other Financial assets | 10 | 1,142.64 | 832.03 | 872.28 |
| c) Non current assets held for sale | 3e | 1,25,710.98 | 1,439.51 | 1,032.22 |
| d) Other Current assets | 6b | 5,867.15 | 3,910.69 | 3,485.50 |
| Total Current Assets | | **1,50,335.71** | **11,973.74** | **9,884.29** |
| **Total Assets** | | **1,64,477.68** | **1,79,936.30** | **1,79,499.28** |
| **EQUITY AND LIABILITIES** | | | | |
| **1. Equity** | | | | |
| **a) Equity Share capital** | 11a | **6,726.96** | **6,726.96** | **6,726.96** |
| **b) Other equity** | | | | |
| i) Securities Premium | 12a | 4,838.56 | 4,984.32 | 5,298.78 |
| ii) Retained Earnings | 12b | (1,17,710.91) | (1,35,703.95) | (1,10,146.49) |
| iii) Other comprehensive Income | 12c | 1,11,310.74 | 1,38,692.90 | 1,38,335.57 |
| Total Other Equity | | **-1,561.61** | **7,973.27** | **33,487.86** |
| **Total Equity** | | **5,165.35** | **14,700.23** | **40,214.82** |
| **2. Liabilities** | | | | |
| **Non-current liabilities:** | | | | |
| a) Deferred government grant | 18 | - | 1,801.94 | 1,971.25 |
| b) Financial liabilities (Net) | | | | |
| i) Borrowings | 13a | 24,557.26 | 2,109.00 | 28,327.16 |
| ii) Trade payables | 14a | 4,291.97 | 2,462.00 | 320.00 |
| c) Provisions (Long term) | 15a | 3,420.09 | 956.49 | 7,877.55 |
| d) Deferred Tax liabilities | 16 | 19,986.52 | 17,193.27 | 17,550.60 |
| e) Net employee defined benefit liabilities | 17a | 2,263.97 | 1,654.74 | - |
| Total Non-current liabilities | | **54,519.81** | **26,177.44** | **56,046.56** |
| **Current liabilities:** | | | | |
| a) Financial liabilities | | | | |
| i) Preference Share Capital | 11b | 27,000.00 | 27,000.00 | 27,000.00 |
| ii) Borrowings | 13c | - | 4,141.82 | 4,041.38 |
| iii) Trade payables | 14b | 13,265.59 | 16,646.48 | 13,838.90 |
| iv) Other current financial liabilities | 13b | 8,681.80 | 26,336.40 | - |
| b) Provisions | 15b | 6,291.94 | 13,377.61 | 1,259.72 |
| c) Net employee defined benefit liabilities | 17b | 139.09 | - | - |
| d) Other current liabilities | 19 | 49,414.10 | 51,556.32 | 37,097.90 |
| Total Current liabilities | | **1,04,792.52** | **1,39,058.63** | **83,237.90** |
| **Total equity and liabilities** | | **1,64,477.68** | **1,79,936.30** | **1,79,499.28** |
| Significant Accounting Policies | 2 | | | |
| Notes to the Standalone Financial Statements | 1-40 | | | |

**For and on behalf of the Board of Directors**

**Sd/-**
**S.B. Bhide**
Chairman & Managing Director

**Sd/-**
**Ms. Pushpa Trivedi**
Director

**Sd/-**
**P.O. Luise**
Chief Financial Officer

**Sd/-**
**Mrs. Susheela S. Kulkarni**
Company Secretary

**Place:** Mumbai
**Date:** 27.08.2018

As per our report of even date
**For M.B. AGRAWAL & CO.**
Chartered Accountants
ICAI FRN 100137W

**Sd/-**
**Harshal Agrawal**
Partner
Membership No.109438

## Standalone Statement of Profit and Loss for the year ended 31st March, 2018

(₹ in Lakhs)

| Particulars | Notes | 01.04.2017 to 31.03.2018 | 01.04.2016 to 31.03.2017 |
|---|---|---|---|
| **INCOME** | | | |
| Revenue from operations-Sale of products | 20 | 24,232.94 | 14,330.51 |
| Other Income | 21 | 6,630.47 | 627.59 |
| **Total Income** | | **30,863.41** | **14,958.10** |
| **EXPENSES** | | | |
| Cost of Materials Consumed | 22 | 13,218.35 | 6,398.41 |
| Changes in Inventories of Finished Goods and WIP | 23 | (836.17) | (1,242.52) |
| Employee Benefits Expenses | 24 | 17,597.17 | 12,228.62 |
| Finance Costs | 25 | 7,461.24 | 9,484.58 |
| Depreciation and amortization expenses | 26a | 429.51 | 746.89 |
| Provision for impairment loss on fixed assets | 26b | 251.03 | 513.31 |
| Other Expenses | 27 | 12,689.23 | 12,386.27 |
| **Total expenses** | | **50,810.36** | **40,515.56** |
| Profit / (Loss) before exceptional items and tax | | (19,946.95) | (25,557.46) |
| Less: Exceptional items | | - | - |
| **Profit / (Loss) before tax** | | **(19,946.95)** | **(25,557.46)** |
| (1) Current tax | | - | - |
| (2) Deferred tax | | - | - |
| **Tax expenses:** | | - | - |
| **Profit / (Loss) for the period** | | **(19,946.95)** | **(25,557.46)** |
| **Other Comprehensive Income:** | | | |
| (i) Items that will not be reclassified to profit or loss | | - | - |
| a) Revaluation of Plant , property & equipments | 12c | 12,478.07 | - |
| Less: Deferred Tax assets | 12c | (2,793.25) | 357.33 |
| b) Changes in defined benefit plan | 12c | 873.02 | - |
| **Other Comprehensive Income for the year, net of tax** | | 10,557.84 | 357.33 |
| **Total Comprehensive Income for the year** | | **(9,389.11)** | **(25,200.13)** |
| Earnings per equity share (in Rupees) | | | - |
| Basic (Face value of ₹ 10 each ) | | (29.69) | (38.05) |
| Diluted (Face value of ₹ 10 each) | | (29.69) | (38.05) |
| Significant Accounting Policies | 2 | | |
| Notes to the Standalone Financial Statements | 1-40 | | |

**For and on behalf of the Board of Directors**

**Sd/-**
**S.B. Bhide**
Chairman & Managing Director

**Sd/-**
**Ms. Pushpa Trivedi**
Director

**Sd/-**
**Mrs. Susheela S. Kulkarni**
Company Secretary

**Sd/-**
**P.O. Luise**
Chief Financial Officer

**Place:** Mumbai
**Date:** 27.08.2018

As per our report of even date
**For M.B. AGRAWAL & CO.**
Chartered Accountants
ICAI FRN 100137W

**Sd/-**
**Harshal Agrawal**
Partner
Membership No.109438

## Statement of Changes in Equity for the year ended 31st March, 2018

(₹ in Lakhs)

**A. Equity Share Capital**

| | Equity shares of INR 10 each | |
|---|---|---|
| | **Nos.** | **₹ In Lakhs** |
| **Issued, subscribed and fully paid** | | |
| At 1st April 2016 | 67173100 | 6726.96 |
| Changes during the period | - | - |
| At 31st March 2017 | 67173100 | 6726.96 |
| Changes during the period | - | - |
| At 31st March 2018 | 67173100 | **6726.96** |

**B. Statement of Changes in Other Equity for the year ended 31st March, 2018**

(₹ in Lakhs)

| Description | Other Comprehensive Income | Securities Premium | Retained earnings | Total Other Equity |
|---|---|---|---|---|
| As at 1st April 2016 | **1,38,335.57** | **5,298.78** | **(1,10,146.49)** | **33,487.86** |
| Profit for the period | - | - | (25,557.46) | (25557.46) |
| Securities premium utilised against Bond | - | (314.46) | - | (314.46) |
| Other comprehensive income- Deferred Tax Liabilities | 357.33 | - | - | 357.33 |
| Total comprehensive income | - | - | - | - |
| As at 31st March 2017 | **1,38,692.90** | **4,984.32** | **(1,35,703.95)** | **7,973.26** |
| Profit for the period | - | - | (19,946.96) | (19946.96) |
| Profit on sale of Land | - | - | 37940.00 | 37940.00 |
| Reserve transferred to Retained earning | (37940.00) | - | - | (37940.00) |
| Securities premium utilised against Bond | - | (145.75) | - | (145.75) |
| Other comprehensive income | 13,351.09 | - | - | 13,351.09 |
| Other comprehensive income- Deferred Tax Liabilities | (2793.25) | - | - | (2793.25) |
| Total comprehensive income | - | - | - | - |
| As at 31st March 2018 | **1,11,310.74** | **4,838.56** | **(1,17,710.91)** | **(1,561.62)** |

The accompanying notes are an integral part of these financial statements

**For and on behalf of the Board of Directors**

**Sd/-**
**S.B. Bhide**
Chairman & Managing Director

**Sd/-**
**Ms. Pushpa Trivedi**
Director

**Sd/-**
**Mrs. Susheela S. Kulkarni**
Company Secretary

**Sd/-**
**P.O. Luise**
Chief Financial Officer

**Place:** Mumbai
**Date:** 27.08.2018

As per our report of even date
**For M.B. AGRAWAL & CO.**
Chartered Accountants
ICAI FRN 100137W

**Sd/-**
**Harshal Agrawal**
Partner
Membership No.109438

## Standalone Cash Flow Statement for the year ended 31st March, 2018

(₹ in Lakhs)

| Description | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES:** | | |
| **Total Comprehensive Income** | (9,389.11) | (25,200.13) |
| Adjustments for : | | |
| Depreciation & Amortization | 680.54 | 1,260.20 |
| Interest Income | (146.12) | (11.95) |
| Interest Expense | 7,461.24 | 9,484.58 |
| Stock obsolescence | - | 102.39 |
| Profit on Sale of Assets | (3,013.26) | (1.63) |
| Govt. Grant transferred to Income | - | (169.32) |
| Excess provision written back | (2,206.23) | - |
| Interest income from Subsidiary company | (63.62) | (63.78) |
| Effect of measurement of Financial Instruments at amortised cost | (10,557.84) | (357.33) |
| **Operating Cash Flows before Working Capital changes (A)** | **(17,234.40)** | **(14,956.97)** |
| Adjustments for | | |
| (Increase)/Decrease in Inventories | (1,339.05) | (1,362.77) |
| (Increase)/Decrease in Trade receivables | 53.62 | 148.50 |
| (Increase)/Decrease in Loans and Other Financial Assets | (313.17) | (19.84) |
| (Increase)/Decrease in Other Current Assets | (1,942.90) | (426.12) |
| (Increase)/Decrease in Other Non Current Assets | (0.96) | (0.98) |
| Increase/(Decrease) in Trade Payables | (1,550.92) | 4,949.58 |
| Increase/(Decrease) in Other Financial Liabilities | (9,560.88) | 118.24 |
| Increase/(Decrease) in Deferred tax Liabilities | 2,793.25 | (357.33) |
| Increase/(Decrease) in Deferred Govt grant | (1,801.94) | - |
| Increase/(Decrease) in Other Current Liabilities & Provisions | (6,764.29) | 18,285.85 |
| **Cash Generated from Operations (Working Capital Changes) (B)** | **(20,427.24)** | **21,335.13** |
| **Net Cash flow from Operating activities (1) (A+B)** | **(37,661.64)** | **6,378.16** |
| **CASH FLOW FROM INVESTING ACTIVITIES :** | | |
| Changes in Fixed Assets | - | (34.75) |
| Interest Income | 146.12 | 75.73 |
| Sale of Fixed Assets | 34,166.45 | 12.62 |
| **Net Cash flow from / (used in) Investing activities** | **34,312.57** | **53.60** |
| **CASH FLOW FROM FINANCING ACTIVITIES:** | | |
| Increase/Decrease in Secured Loans (Net of Repayments) | - | (20.19) |
| Increase/Decrease in Unsecured Loans (Net of Repayments) | 35,961.04 | 1,441.92 |
| Bond Issue expenses | (145.75) | (314.47) |
| Debenture repayment | (25,000.00) | - |
| Effect of measurement of Financial Instruments at amortised cost | 10,557.84 | 357.33 |
| Interest Paid | (7,461.24) | (7,776.47) |
| **Net cash used in financing activities** | **13,911.89** | **(6,311.88)** |
| Net Increase/(Decrease) in Cash and Cash Equivalents | 10,562.81 | 119.88 |
| Cash & cash equivalents at the beginning of the period | 341.47 | 221.59 |
| **Cash & cash equivalents at the end of the period** | **10,904.28** | **341.47** |

*Previous year figures have been regrouped / reclassified wherever necessary to confirm to current year's classification.*

**For and on behalf of the Board of Directors**

**Sd/-**
**S.B. Bhide**
Chairman & Managing Director

**Sd/-**
**Ms. Pushpa Trivedi**
Director

**Sd/-**
**Mrs. Susheela S. Kulkarni**
Company Secretary

**Sd/-**
**P.O. Luise**
Chief Financial Officer

**Place:** Mumbai
**Date:** 27.08.2018

As per our report of even date
**For M.B. AGRAWAL & CO.**
Chartered Accountants
ICAI FRN 100137W

**Sd/-**
**Harshal Agrawal**
Partner
Membership No.109438

**Notes to the Standalone financial statements for the Period ended 31st March, 2018**

**1. Corporate Information**

Hindustan Organic Chemicals Limited (the company) is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on Bombay Stock Exchange (BSE) in India. The registered office of the company is located at Rasayani, Raigad Dist. Maharashtra. The Company is principally engaged in the business of bulk industrial chemicals and chemical intermediates.

**2. Significant Accounting Policies**

**2.1 Basis of Preparation of Financial Statement**

"These financial statements are prepared in accordance with Indian Accounting Standards (IND AS) under the historical cost convention on the accrual basis except for certain financial instruments and land which are measured at fair values, the provisions of the Companies Act , 2013 ('Act') (to the extent notified). The IND AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Company has adopted IND AS standards and the adoption was carried out in accordance with IND AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition have been summarized in note to accounts.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The separate financial statements have been prepared on accrual basis and under historical cost basis, except for the following assets and liabilities which have been measured at fair value:

**Derivative financial Instrument**

Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),The financial statements are presented in Indian Rupee ('INR') or ('₹') which is also the Company's functional currency and all values are rounded to the nearest Lakhs upto two decimals, except when otherwise indicated. Wherever the amount represented ₹ '0' (zero) construes value less than Rupees a lakh.

**Significant accounting estimates, assumptions and judgements**

The preparation of the Company's separate financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Estimates and assumptions**

"The preparation of the financial statements in conformity with IND AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed at appropriate places.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

**Taxes**

Tax expense (Income Tax and Deferred Tax) in accordance with Ind-AS 12: Accounting for Taxes on Income has been recognised .There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions in the period in which the tax determination is made. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be realized in future.

**Employee benefits**

i. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii. Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

iii. Post-employment obligations

"The Company operates the following post-employment schemes:

(a) Defined benefit plans such as gratuity, pension, post-employment medical plans; and

(b) Defined contribution plans such as provident fund.

iv. Defined benefit plans

The Company's gratuity scheme is a defined benefit plan. A defined benefit plan is a post employment benefit plan. The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefits that employee have earned in return for their services in the current and prior periods.

v. Defined contribution plans

The company's provident fund scheme is a defined contribution plan. A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions and will have no obligation to pay further amounts. Obligation for contributions to defined contribution plans are recognised as employees benefit expenses in the statement of Profit and Loss when they are due.

i. Gratuity

Gratuity is a post employment defined benefit plan. The liability recognised in the Balance Sheet in respect of gratuity is the present value of the defined benefit obligation at the Balance Sheet date. The Company's liability is actuarially determined at the end of each year. Actuarial gains/ losses through re-measurement are recognised in other comprehensive income.

Pension and gratuity obligations

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

a) Defined benefit plans (gratuity benefits), liability in respect of defined benefit plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the planned assets. The present value of the defined benefit obligation is based on expected future payments which arise from the fund at the reporting date, calculated annually by independent actuaries. Consideration is given to expected future salary levels and period of service etc.

b) Company's contribution to provident fund is accounted for on accrual basis.

c) Temporary employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

d) Bonus is provided in accordance with provisions of Payment of bonus act,1965 on the basis of profitability.

e) Post employment and other long term employee benefits are recognised as an expense in the statement of profit and loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation technique. Actuarial gain and loss in respect of post employment and other long term benefits are charged to statement of profit and loss.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured on the basis of quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observation of the market where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

Provision against obsolete and slow-moving inventories

The Company reviews the condition of its inventories and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use, on the basis of technical assessment. The Company carries out an inventory review at each balance sheet date and makes provision against obsolete and slow-moving items. The Company reassesses the estimation on each balance sheet date.

Impairment of financial assets

Provision for doubtful debts / Loans / Advances is made in the Books in respect of Sundry Debtors outstanding for more than 3 years except for in respect of receivable from Government Departments / Companies. In respect of other Debtors, Loans and Advances, provisions are made to the extent considered as not recoverable by the management.

Impairment of non- financial assets

"The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less cost of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset should be considered as impaired and it is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre- tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded subsidiaries or other available fair value indicators."

**2.2 Summary of significant accounting policies**

**a) Current versus Non-Current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

Trade receivables which are expected to be realised within 12 months from the reporting date shall be classified as current. Outstanding more than 12 months shall be shown as noncurrent only unless efforts for its recovery have been made and it is likely that payment shall be received within 12 months from the reporting date. A Judicious decision shall be taken by units in this regard.

liability is current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period payable shall be classified as Trade Payable if it is in respect of the amount due on account of goods purchased or services received in the normal course of business.

Trade payables which are expected to be settled within 12 months from the reporting date shall be shown as current.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**b) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Revenue is stated exclusive of GST

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates and cash discounts.

Rendering of services

Income from services are recognized as and when the services are rendered.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

**c) Property, Plant and Equipment**

Items of Property, plant and equipment including Capital-work in-progress are stated at cost (except land valued at fair value), net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in statement of profit or loss as an when incurred. In respect of additions to /deletions from the Fixed Assets, depreciation is provided on pro-rata basis with reference to the month of addition/deletion of the Assets.

The company, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Items of fixed assets that have been retired from active use and are held for disposal are valued at lower of their net book value or net realisable value.

**d) Non-Current assets held for sale**

Non-current assets or disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be recovered principally through sale transactions rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale, and actions required to complete the plan of sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, Plant and Equipment and intangible assets are not depreciated or amortized once classified as held for sale.

Estimated useful life of the assets are as follows:

Nature of tangible Assets Useful Life (years)

| | | |
|---|---|---|
| Building | : | 30 & 60 |
| Plant & Machinery | : | 20 |
| Equipments | : | 10 to 15 |
| Furniture & Fixures | : | 10 |
| Vehicle | : | 8 & 10 |
| Office Equipments | : | 5 |
| Computer and Laptop | : | 3 to 8 |

Intangible assets: Amortisation over a period of 5 years.

Leasehold improvements over the period of lease

Leasehold Land:

Lease premium paid on leasehold land is amortised over the life of the lease. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**e) Intangible assets**

i) Intangible assets consisting of computer software and SAP licence cost are amortised over a period of 5 years on straight line basis (SLM) from the date of acquisition.

ii) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets with definite life are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The amortisation period and the amortisation method for an intangible asset with a definite useful life are reviewed at least at the end of each reporting period.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised. Research costs are expensed as an when incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate technical and commercial feasibility of making the asset available for use or sale.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

**f) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**g) Foreign Currency Transactions and balances**

Transactions in foreign currency are recorded applying the exchange rate at the date of transaction. Monetary assets and Transactions in foreign currency are recorded applying the exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currency remaining unsettled at the end of the year, are translated at the closing rate prevailing on the Balance Sheet date. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction. Exchange differences arising as a result of the above are recognized as income or expenses in the statement of profit and loss. Exchange difference arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise. Foreign exchange difference on foreign currency borrowings, loans given, settlement gain/loss and fair value gain/loss on derivative contract relating to borrowings are accounted and disclosed under finance cost. Such exchange difference does not include foreign exchange difference regarded as an adjustment to the borrowings cost and capitalised with cost of assets

**h) Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date on a portfolio basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

**i) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**j) Inventories**

(i) Stores and spares, packing materials and raw materials are valued at lower of cost or net realisable value and for this purpose, cost is determined on moving weighted average basis. However, the aforesaid items are not valued below cost if the finished products in which they are to be incorporated are expected to be sold at or above cost.

(ii) Semi-finished products, finished products and by-products are valued at lower of cost or net realisable value and for this purpose, cost is determined on standard cost basis which approximates the actual cost. Cost of finished goods includes excise duty, as applicable. Variances, exclusive of abnormally low volume and operating performance, are adjusted to inventory.

(iii) Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**k) Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

**l) Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed at each balance sheet and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed in respect of possible obligations that have risen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise, or is a present obligation that arises from past events but is not recognised because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimate of the amount of the obligation cannot be made.

**m) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Debt instruments at amortised cost

A 'debt instrument' is measured at its amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss.

Debt instrument at FVTOCI

A 'debt instrument' is classified at FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Profit and Loss. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified from the equity to Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL. In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The company has designated certain debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

De-recognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when: the rights to receive Cash flows from the asset have expired, or the company has transferred its rights to receive Cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either(a) the company has transferred substantially all the risks and rewards of the asset, or

(b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Impairment of financial assets

«In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

b) Financial assets that are debt instruments and are measured as at FVTOCI

c) Lease receivables under Ind AS 17

d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18 (referred to as 'contractual revenue receivables' in these financial statements)

e) Financial guarantee contracts which are not measured as at FVTPL

The company follows 'simplified approach' for recognition of impairment loss allowance on:

Trade receivables and Other receivables

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

All contractual terms of the financial Instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

Cash flows from the sale of collateral Held or Other credit enhancements that are integral to the contractual terms. financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.

**n) Financial liabilities**

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Loans and borrowings

This is the category most relevant to the company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

Financial guarantee contracts

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**o) Derivative financial instruments**

Initial recognition and subsequent measurement, The Company uses derivative financial instruments, such as forward currency contracts, full currency swaps and interest rate swaps contracts to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

**p) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**q) Cash dividend**

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the

Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

**r) Taxes**

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except: When the deferred tax liability arises from the initial recognition of Goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in the temporary differences will not reverse in the foreseeable future Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except: When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

**s) Minimum Alternate Tax (MAT)**

Minimum Alternate Tax (MAT) paid as per Indian Income Tax Act, 1961 is in the nature of unused tax credit which can be carried forward and utilised when the Company will pay normal income tax during the specified period. Deferred tax assets on such tax credit is recognised to the extent that it is probable that the unused tax credit can be utilised in the specified future period. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**t) Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related assets.

Export Benefits:

Duty free imports of raw materials under Advance License for imports as per the Import and Export Policy are matched with the exports made against the said licenses and the net benefit/obligation has been accounted by making suitable adjustments in raw material consumption.

The benefit accrued under the Duty Drawback, Merchandise Export Incentive Scheme and other schemes as per the Import and Export Policy in respect of exports made under the said schemes is included as 'Export Incentives' under the head 'Other operating revenue'.

**u) Earnings Per Share:**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**v) Contingent Liability and Contingent assets**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non—occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. A contingent assets is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements. Contingent liabilities and contingent assets are reviewed at each balance sheet date.

**w) Share-Based Payments:**

Measurement and disclosure of the employee share based payment plans is done in accordance with Ind AS 102, Share-Based Payment. The Company measures compensation cost relating to employee stock options using the fair value method. Compensation expense is amortised over the vesting period of the option on a straight line basis. Standards issued but not yet effective in March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment'. The amendments are applicable to the Company from April 1, 2017.

First-time adoption of IND-AS

These standalone financial statements for the year ended March 31, 2018 have been prepared in accordance with IND AS. For the purposes of transition to IND AS, the Company has followed the guidance prescribed in IND AS 101 - First Time adoption of Indian Accounting Standard, with April 1st, 2016 as the transition date and IGAAP as the previous GAAP.

The transition to IND AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 2 have been applied in preparing the standalone financial statements for the year ended March 31, 2018 and the comparative information. An explanation of how the transition from previous GAAP to IND AS has affected the Company's Balance Sheet, Statement of Profit and Loss, is explained by way of reconciliation between previous GAAP and Ind AS.

Exemptions availed on first time adoption

a) Deemed Cost: - Ind AS 101 provides an option under Ind AS 16 Property, Plant and Equipment, to continue with the carrying value of all its property, plant and equipment as recognised in financial statements as on transition date, measured as per the previous GAAP and use that as its deemed cost after making necessary adjustments for de-commissioning liabilities instead of measuring at fair value on the transition date except Land .On land We have applied Fair value Measurement.

Reconciliations between previous GAAP and Ind AS

The following reconciliations provide the effect of transition to Ind AS from previous GAAP in accordance with Ind AS 101

a) Equity as at 1st April, 2016 and as at 31st March, 2017

b) Net Profit for the year ended 31st March, 2017

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and noncash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash settled awards and awards that include a net settlement feature in respect of withholding taxes. The Company is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated.

## NOTE 3 - FIXED ASSETS

(₹ In Lakhs)

| Sl. No. | Description | GROSS BLOCK | | | | | DEPRECIATION / AMORTISATION / IMPAIRMENT | | | | | NET BLOCK | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Item | | As at 01.04.2017 | Additions | Deletions | Adjustments | As at 31.03.2018 | Up to 01.04.2017 | Deletions | Adjustments | Provided during the year | Up to 31.03.2018 | As on 31.03.2018 | As on 31.03.2017 | As on 01.04.2016 |
| **a.** | **Property, Plant and equipment** | | | | | | | | | | | | | |
| 1a | Land and Land Development | 664.47 | 0.00 | 0.00 | -74.59 | 589.88 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 589.88 | 664.47 | 664.47 |
| 1b. | -do- Revaluation | 156267.37 | 11936.66 | 37940.00 | -123402.66 | 6861.37 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 6861.37 | 156267.37 | 156267.37 |
| 1c | Leasehold Land | 336.93 | 0.00 | 0.00 | -336.93 | 0.00 | 59.86 | 0.00 | -59.86 | 0.00 | 0.00 | 0.00 | 277.07 | 282.36 |
| 1d | -do- Revaluation | 0.00 | 1038.22 | 0.00 | -1038.22 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2. | Buildings | 3541.86 | 0.00 | 791.68 | -1330.76 | 1419.42 | 2373.91 | 621.46 | -942.08 | 48.76 | 859.13 | 560.29 | 1167.94 | 1296.88 |
| 3. | Plant and Equipment | 37030.47 | 2.77 | 6870.99 | -5311.16 | 24851.09 | 31940.79 | 4610.45 | -5023.64 | 369.30 | 22676.00 | 2175.09 | 5089.68 | 6485.49 |
| 4 | Furniture, Fixtures and Equipments | 1987.41 | 0.22 | 4.54 | -1877.80 | 105.29 | 1859.70 | 3.36 | -1766.68 | 9.28 | 98.94 | 6.35 | 127.71 | 153.77 |
| 5. | Vehicles | 153.36 | 0.00 | 0.00 | -37.11 | 116.25 | 133.96 | 0.00 | -26.24 | 1.50 | 109.22 | 7.03 | 19.40 | 32.91 |
| 6. | Office Equipment | 695.90 | 7.01 | 0.10 | -49.83 | 652.98 | 660.41 | 0.22 | -47.33 | 0.67 | 613.53 | 39.45 | 35.49 | 107.33 |
| 7. | Library Books | 77.45 | 0.00 | 63.98 | 0.00 | 13.47 | 74.22 | 60.79 | 0.00 | 0.00 | 13.43 | 0.04 | 3.24 | 3.24 |
| 8. | Railway Sidings | 35.53 | 0.00 | 0.00 | -35.53 | 0.00 | 33.76 | 0.00 | -33.76 | 0.00 | 0.00 | 0.00 | 1.78 | 1.78 |
| | Sub-total | 200790.75 | 12984.88 | 45671.29 | -133494.59 | 34609.75 | 37136.61 | 5296.28 | -7899.59 | 429.51 | 24370.25 | **10239.50** | **163654.15** | **165295.60** |
| 9. | Assets held for disposal | 19727.02 | 0.00 | 19727.02 | 133499.91 | 133499.91 | 18287.51 | 18287.51 | 7882.28 | 0.00 | 7882.28 | 125617.63 | 1439.51 | 1032.22 |
| | **Total** | **220517.77** | **12984.88** | **65398.31** | **5.32** | **168109.66** | **55424.12** | **23583.79** | **-17.31** | **429.51** | **32252.53** | **135857.13** | **165093.66** | **166327.82** |
| **b)** | **Capital work- in-progress** | 2984.56 | 0.00 | -5.65 | 0.00 | 2978.91 | 2634.54 | 0.00 | 0.00 | 251.02 | 2885.56 | 93.35 | 433.22 | 433.22 |
| **c)** | **Investment property Land** | 5.08 | 0.00 | 0.00 | 0.00 | 5.08 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.08 | 5.08 | 5.08 |
| **d)** | **Intangible assets -** Computer software | 405.16 | 0.00 | 0.00 | -5.32 | 399.84 | 404.12 | 0.00 | -4.28 | 0.00 | 399.84 | 0.00 | 1.05 | 7.64 |
| | **Grand Total** | **223912.57** | **12984.88** | **65392.66** | **0.00** | **171493.49** | **58462.78** | **23583.79** | **-21.59** | **680.53** | **35537.93** | **135955.56** | **165533.01** | **166773.76** |

Kochi unit had given 1.03 acre of land to M/s. Sterling Gas Limited as operating lease under cancellable lease agreement. Investment properties are distinguished from owner occupied property based on area covered under leave agreement.

Fair value As at 31.03.2018

Investment property ₹ 61.60 Lakhs

Estimation of fair value: The fair value of investment property has been determined by an external independent property valuer having professional qualification. The current prices in the active market for similar properties has been used to determine fair value of investment property.

### e) Non current assets held for sale

(₹ in Lakhs)

| Description of the Non-Current Assets | Facts and Circumstances of the sale | Manner of disposal | Timing of disposal | NET BLOCK | | |
|---|---|---|---|---|---|---|
| | | | | As on 31.03.2018 | As on 31.03.2017 | As on 01.04.2016 |
| Land | Closure of Rasayani unit and disposal of assets. | Direct sale of 191 acres of land to BPCL and balance through NBCC. | Within 12 months | 124792.54 | 0 | 0 |
| Buildings | | E-auction through MSTC | -do- | 395.91 | 0 | 0 |
| Plant and Equipment | | -do- | -do- | 302.77 | 1439.51 | 1032.22 |
| Furniture, Fixtures and Equipments | | -do- | -do- | 111.14 | 0 | 0 |
| Vehicles | | -do- | -do- | 10.87 | 0 | 0 |
| Office Equipment | | -do- | -do- | 2.63 | 0 | 0 |
| Railway Sidings | | -do- | -do- | 1.77 | 0 | 0 |
| Capital WIP | | Handing over to JNPT | -do- | 93.35 | 0 | 0 |
| **Total** | | | | **125710.98** | **1439.51** | **1032.22** |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(₹ in Lakhs)

| Description | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|
| **Financial Assets** | | | |
| **4. Investments** | | | |
| **Non current** | | | |
| Investment stated at Cost | | | |
| **(A) Investments in Equity Instruments** | | | |
| a. Investment in Subsidiaries (Quoted) | 1,106.00 | 1,106.00 | 1,106.00 |
| 11060000 (previous year 11060000) Equity Shares of ₹ 10 each fully paid in Hindustan Fluorocarbons Ltd. | | | |
| Less: Provision for diminution of investment (Market value as on 31.03.2018 ₹10.62 per share) | 221.20 | 221.20 | 221.20 |
| | **884.80** | **884.80** | **884.80** |
| b. Investments in Equity instruments in Joint Venture | | | |
| Subsidiary - Unquoted: | | | |
| 30000 (previous year 30000) Equity Shares of ₹ 10 each fully paid in HOC-Chematur Ltd., | 3.00 | 3.00 | 3.00 |
| Less :- Allowances | 3.00 | 3.00 | 3.00 |
| | - | - | - |
| Investment in Unquoted Equity Shares of Kerala Enviro Infrastucture Ltd | | | |
| (50000 Unquoted Equity Shares @ ₹10/-) | 5.00 | 5.00 | 5.00 |
| Less :- Provision for diminution of investment | - | - | - |
| | **5.00** | **5.00** | **5.00** |
| **Total Non-Current Investments** | **889.80** | **889.80** | **889.80** |
| **Aggregate amount of quoted investments** | 884.80 | 884.80 | 884.80 |
| Aggregate amount of unquoted investments | 5.00 | 5.00 | 5.00 |
| **Total Non-Current Investments** | **889.80** | **889.80** | **889.80** |
| **5a. Loans: Non-current** | | | |
| **(A) Security Deposit** | | | |
| a. Unsecured, Considered good | 115.92 | 87.41 | 89.98 |
| b. Doubtful | 3.06 | 3.06 | 3.06 |
| Less: Allowance for doubtul security deposit | (3.06) | (3.06) | (3.06) |
| | **115.92** | **87.41** | **89.98** |
| a. Secured, Considered good | 2,744.06 | 2,744.06 | 2,744.06 |
| (M/s. Hindustan Flurocarbons Ltd., | | | |
| (Secured) | | | |
| **(C) Sundry loans** | | | |
| Loans to employees | | | |
| a. Unsecured, Considered good | 1.71 | 2.85 | 5.65 |
| **Total Non-current loans** | **2,861.69** | **2,834.32** | **2,839.69** |

Subsidiary Company Hindustan Fluorocarbons Ltd has created mortgage in favour of the company on 84.31 acre of land at Rudraram Vill, Medak Dist., Telengana state towards zero coupon loan ₹ 2744 Lakhs outstanding and the interest bearing loan of ₹453.01 Lakhs and interest accrued thereon amounting to ₹781.62 Lakhs. As per the currrent circle rate the value of the property/ security comes to ₹ 2035.24 Lakhs, therefore provision for doubtful of recovery of loan amounting to ₹ 1943.45 Lakhs had been created during the year towards the shortfall in the value of security.

| Description | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|
| **5b. Loans (Current)** | | | |
| A) Current Loans and Advances to related parties | | | |
| **Secured** | **453.01** | **453.01** | **453.01** |
| (M/s. Hindustan Fluorocarbons Ltd.) | | | |
| **(B) Loans to employees** | | | |
| a. Unsecured, Considered good | 87.31 | 112.12 | 46.66 |
| **(C) Sundry loans** | | | |
| Doubtful | 171.08 | 171.08 | 171.08 |
| Less: Allowance for doubtul sundry loans | 171.08 | 171.08 | 171.08 |
| | - | - | - |
| **Total loans (Current)** | **540.32** | **565.13** | **499.67** |

(₹ in Lakhs)

| Description | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|
| Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Company | | | |
| **6a. Other Non-Current Assets** | | | |
| i) Deposits with customs, KSEB & BSNL | 131.45 | 131.38 | 131.33 |
| ii) Deposits (Other bank balances) | 14.45 | 13.56 | 12.63 |
| **Total (Other Non-Current Assets)** | **145.90** | **144.94** | **143.96** |
| **6b. Other Current Assets** | | | |
| i) Deposits with the Collectorate of Central Excise and Customs | 306.56 | 745.86 | 701.15 |
| Less : Allowances | 2.90 | 2.90 | 2.90 |
| Sub-total | **303.66** | **742.96** | **698.25** |
| ii) Statutory receivables - Duties & Taxes | 3,038.94 | 2,936.30 | 2,572.13 |
| TDS Receivable (Land sale) | 351.40 | - | - |
| Sub-total | 3,390.34 | 2,936.30 | 2,572.13 |
| Less :- Allowances | 471.23 | 471.23 | 471.23 |
| Sub-total | **2,919.11** | **2,465.07** | **2,100.90** |
| iii) Advances to suppliers | | | |
| - Considered good | 143.69 | 425.38 | 362.46 |
| - Considered doubtful | | | |
| Less: Allowances for doubtful | | | |
| iv) Deposits | 2.35 | 3.35 | 2.35 |
| Less: Allowances for doubtful | 1.80 | 1.80 | 1.80 |
| Sub-total | **0.55** | **1.55** | **0.55** |
| v) Consideration of sale of Fixed Assets receivable | 2,295.87 | - | - |
| vii) Statutory receivables | 85.44 | 112.98 | 173.91 |
| vii) Other Advances Recoverable | 43.85 | 68.60 | 40.03 |
| viii) Accrued income on Employee Advances | 53.32 | 75.70 | 97.60 |
| ix) Accrued income on Deposits | 21.66 | 18.45 | 9.96 |
| x) Claim Receivable from Employees | - | - | 1.84 |
| **Total (Other Current assets)** | **5,867.15** | **3,910.69** | **3,485.50** |
| Total Other Assets (Non-Current + Current) | 6,013.05 | 4,055.63 | 3,629.46 |
| **7. Inventories** | | | |
| a. Raw materials and components | 907.84 | 269.29 | 237.61 |
| Less: Allowances for obsolesence | - | - | (26.31) |
| | **907.84** | **269.29** | **211.30** |
| b. Work-in-Progress (WIP) | **930.81** | **952.86** | **682.30** |
| c. Finished goods | **2,011.23** | **1,301.76** | **227.99** |
| d. Store and spares | 2,248.32 | 2,676.97 | 2,690.21 |
| Less; Allowances for obsolesence | (366.86) | (808.59) | (679.89) |
| | **1,881.46** | **1,868.38** | **2,010.32** |
| **Total** | **5,731.34** | **4,392.29** | **3,131.91** |

Excise duty provided on goods manufactured but not removed ₹ Nil (previous year ₹ 117.43 Lakhs).

Stores and Spares include items not moved for more than five years ₹ Nil (previous year ₹ 1052.41 Lakhs) and obsolete items of ₹ Nil (previous year ₹ 94.80 Lakhs). The Stores and spares valuing ₹ 406.38 Lakhs is transferred to ISRO and balance stores valuing ₹ 115.55 Lakhs has been disposed off through MSTC Ltd in May 2018 at Rasayani unit.

| Description | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|
| **8. Trade receivables** | | | |
| **Current** | | | |
| Secured | - | 0.87 | 376.40 |
| Unsecured, Considered good | 439.00 | 491.75 | 331.31 |
| Doubtful | 2,524.70 | 2,524.66 | 2,522.88 |
| Less: Allowance for doubtul trade receivable | (2,524.70) | (2,524.66) | (2,522.88) |
| Less: Bills Receivables discounted | - | - | (66.59) |
| **Total trade receivables** | **439.00** | **492.62** | **641.12** |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(₹ in Lakhs)

| Description | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|
| **9. Cash and cash equivalents** | | | |
| **Current** | | | |
| a) Balances with banks (of the nature of cash and cash equivalents): | | | |
| Current accounts | 4,214.83 | 181.69 | 62.03 |
| Saving Account (Refer Note i) | 130.77 | 125.67 | 119.58 |
| Deposits with original maturity of less than three months (Note ii) | 6,557.97 | 31.22 | 29.00 |
| b) Cash on Hand | 0.71 | 2.89 | 10.98 |
| | **10,904.28** | **341.47** | **221.59** |

Note

i : Balance in Saving account is earmarked for the rental dues of Harchandrai House as per the direction of Small Causes Court, Mumbai.

ii : As per restructuring plan 442 acre land at Rasayani is being sold to Bharat Petroleum Corporation Limited (BPCL) for ₹ 618.80 crore. The company has registered sale of 251 acre of land in favour of BPCL and received ₹ 351.40 crore which is credited to the current account with State Bank of India, CAG Branch Mumbai. Pending utilsation of the amount as on 31.03.2018, the balance unutilised amount is kept in short term fixed deposit with SBI.

| Description | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|
| **10. Other Financial Assets** | | | |
| **Current** | | | |
| **A) Interest receivable** | | | |
| Unsecured, Considered good | | | |
| Accrued Interest on Employees Advances | 22.87 | 29.93 | 41.26 |
| Accrued Interest on Deposits | 8.18 | 7.80 | 7.17 |
| | **31.05** | **37.73** | **48.43** |
| Accrued Income from Township | 26.53 | 70.31 | 69.43 |
| Less : Allowances | 7.25 | 7.25 | 7.25 |
| | **19.28** | **63.06** | **62.18** |
| Total | **50.33** | **100.79** | **110.61** |
| **B) Interest Receivables from related parties** | | | |
| (M/s. Hindustan Fluorocarbons Ltd.) (Secured) | 781.62 | 724.36 | 679.83 |
| **C) Receivable from ISRO** (Reimbursement) (Unsecured, Considered good) | 304.91 | - | - |
| **D) Miscellaneous advance recoverable** | | | |
| a. Unsecured, Considered good | | | |
| b. Doubtful | 5.78 | 67.29 | 81.84 |
| Less: Allowance for doubtful other financial assets | - | (60.41) | - |
| | 5.78 | 6.88 | 81.84 |
| Total Other Financial Assets | **1,142.64** | **832.03** | **872.28** |

(₹ in Lakhs)

| Description | As at 31.03.2018 | | As at 31.03.2017 | | As at 01.04.2016 | |
|---|---|---|---|---|---|---|
| | Nos. | ₹ | Nos. | ₹ | Nos. | ₹ |
| **11. Share Capital** | | | | | | |
| **Authorised Share Capital** | | | | | | |
| Equity Shares of ₹ 10 each | | | | | | |
| Opening Balance | 100000000 | 10000.00 | 100000000 | 10000.00 | 100000000 | 10000.00 |
| Increase/(decrease) during the year | - | - | - | - | - | - |
| **Closing balance** | **100000000** | **10000.00** | **100000000** | **10000.00** | **100000000** | **10000.00** |
| **11a. Equity Share Capital** | | | | | | |
| **Issued equity capital** | | | | | | |
| Equity shares of ₹ 10 each issued, subscribed and fully paid | | | | | | |
| **Opening balance** | 67173100 | 6717.31 | 67173100 | 6717.31 | 67173100 | 6717.31 |
| Add: Paid-up amount on shares forfeited | - | 9.65 | - | 9.65 | - | 9.65 |
| Increase/(decrease) during the year - - | - | 0.00 | - | 0.00 | - | 0.00 |
| **Total - Equity share capital** | **67173100** | **6726.96** | **67173100** | **6726.96** | **67173100** | **6726.96** |

**Terms/ rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Details of shareholders holding more than 5% shares in the company**

| Name of the shareholder | As at 31.03.2018 | | As at 31.03.2017 | | As at 01.04.2016 | |
|---|---|---|---|---|---|---|
| | No. In | % Holding | No. In | % Holding | No. In | % Holding |
| Equity shares of INR 10 each fully paid: | | | | | | |
| The Government of India | 39,481,500 | 58.78% | 39,481,500 | 58.78% | 39,481,500 | 58.78% |

2) During the year 2010-11, the Company forfeited 193000 shares of ₹ 10 each (₹ 5 paid up) for non payment of allotment and call monies and the amount paid towards application money in respect of these forfeited shares has been transferred to "Share's Forfeiture Account".

| | | | | | | |
|---|---|---|---|---|---|---|
| **11b. Preference Share capital** | | | | | | |
| **8% Non-cumulative Redeemable Preference Shares of ₹ 10 each** | | | | | | |
| Opening Balance | 270000000 | 27000.00 | 270000000 | 27000.00 | 270000000 | 27000.00 |
| Increase/(decrease) during the year | - | - | - | - | - | - |
| **Closing balance** | **270000000** | **27000.00** | **270000000** | **27000.00** | **270000000** | **27000.00** |

Note

1. The preference shareholders have no voting rights.
2. The Government of India had released in earlier in the year 2006-07 ₹ 27000 Lakhs (for financial restructuring ₹ 25000 Lakhs and Caustic Soda Plant recommissioning ₹ 2000 Lakhs) against allotment of 8% Non-Cumulative Redeemable Preference Shares, thereby broadening the capital base as per the revival scheme. The 8% Preference Shares were allotted to Government of India by the Board on 28th January, 2008, redeemable @ 20% commencing from 4th year with last redemption in the 8th year. The first, second, third, forth & fifth installments of 20% i.e. ₹ 5400 each was due for redemption in financial year 2011-12, 2012-13, 2013-14, 2014-15 & 2015-16 respectively. At the request of the Company, Government of India has extended the commencement of redemption from financial year 2011-12 to financial year 2015-16 @ 25% each year. The Board has authorised the company to request the Govt. for further extension of the redemption date by another four years. As per the decision of the Government of India, the extension of redemption is subject payment of interest @ 1.5 % pa, on the total amount of ₹27000 Lakhs and an amount of ₹ 405 Lakhs has been provided in the books of accounts during the year. Further interest @1 % is payable for default in repayment and accordingly interest amount of ₹ 270 Lakhs has been provided during the year.

(₹ in Lakhs)

| Description | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|
| **12. Other equity** | | | |
| **a) Securities Premium Reserve** | | | |
| **Opening balance** | 4,984.31 | 5,298.78 | 5,612.89 |
| Increase/(decrease) during the year - | (145.75) | (314.46) | (314.11) |
| **Closing balance** | **4,838.56** | **4,984.32** | **5,298.78** |
| **b) Retained Earnings** | | | |
| **Opening balance** | (135,703.95) | (110,146.49) | (92,755.45) |
| Add: Profit/(Loss) for the year | (19,946.96) | (25,557.46) | (17,391.04) |
| Add: Profit on sale of Land | 37,940.00 | - | - |
| **Closing balance** | **(117,710.91)** | **(135,703.95)** | **(110,146.49)** |
| **c) Other comprehensive income** | | | |
| **i) Revaluation of Property, plant & Equipments** | | | |
| Opening balance | 139,074.12 | 138,716.79 | - |
| Add: Revaluation during the year | 12,478.07 | - | 156,267.39 |
| Less: Reserve transferred to Retained Earning | (37,940.00) | - | - |
| Less : Deferred Tax assets | (2,793.25) | 357.33 | (17,550.60) |
| Closing balance | **110,818.94** | **139,074.12** | **138,716.79** |
| **ii) Provision for Duties & Taxes Receivable -** Kochi | | | |
| **Opening balance** | (381.22) | (381.22) | (381.22) |
| **Add:** | - | - | - |
| Less: | - | - | - |
| **Closing balance** | **(381.22)** | **(381.22)** | **(381.22)** |
| **iii) Changes in defined benefits plan** | **873.02** | **-** | **-** |
| **Total** | **111,310.74** | **138,692.90** | **138,335.57** |
| **Total Other Equity** | **(1,561.61)** | **7,973.27** | **33,487.86** |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(₹ in Lakhs)

| Description | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|

Securities Premium Reserve - Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to "Securities Premium Reserve". The Company may issue fully paid-up bonus shares to its members out of the securities premium reserve and the Company can use this reserve for buy-back of shares.

### 13. Borrowings

| Description | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|
| **13a. Non-current Borrowings** | | | |
| **Debentures** | | | |
| Non-convertible 10.57% Taxable Bonds of ₹ 1000000 each, maturing on 28.08.2017 | - | - | 10,000.00 |
| Non-convertible 9.36% Taxable Bonds of ₹ 1000000 each, maturing on 28.09.2017 | - | - | 15,000.00 |
| **Term Loan** | | | |
| Loans from Government of India | 24,557.26 | 2,109.00 | 2,320.80 |
| Other Loan | - | - | 1,006.36 |
| **Total** | **24,557.26** | **2,109.00** | **28,327.16** |
| **13b. Other Current financial liabilities** | | | |
| **Current maturities of Govt loan** | 8,681.80 | 1,336.40 | - |
| **Current maturities of Non- current Debentures** | | | |
| Non-convertible 10.57% Taxable Bonds of ₹ 1000000 each, maturing on 28.08.2017 | - | 10,000.00 | - |
| Non-convertible 9.36% Taxable Bonds of ₹ 1000000 each, maturing on 28.09.2017 | - | 15,000.00 | - |
| Current maturities of Long term debt | **8,681.80** | **26,336.40** | **-** |
| Total Non-current Borrowings | 33,239.06 | 28,445.40 | 28,327.16 |
| Less: Amount clubbed under "other current financial liabilities | 8,681.80 | 26,336.40 | - |
| Other payables | - | - | - |
| **Non-current Borrowings (Net)** | **24,557.26** | **2,109.00** | **28,327.16** |
| Aggregate Secured loans | | | |
| Aggregate Unsecured loans | 33,239.06 | 28,445.40 | 28,327.16 |
| **13c. Current Borrowings** | | | |
| **Loans repayable on Demand** | | | |
| **From Banks** | | | |
| **Secured** | | | |
| Cash Credit from State Bank of India | - | 4,141.82 | 4,041.38 |
| Total current Borrowings | **-** | **4,141.82** | **4,041.38** |
| Aggregate Secured loans | - | 4,141.82 | 4,041.38 |
| Aggregate Unsecured loans | - | - | - |

**Note:**

i. The Company has raised Bonds for ₹ 10000 Lakhs (series XX unsecured 10.57% p.a. redeemable) on 28.08.2013, valid for a period of four years, to redeem the earlier bonds (series XIX unsecured 8.73% p.a.redeemable) matured on 28.08.2013, The Bonds of ₹ 10000 Lakhs matured on 28.8.2017 and had been redeemed on the maturity date).

ii) The Company has raised Bonds for ₹ 15000 Lakhs (series XXI unsecured 9.36% p.a. redeemable bonds) on 01.10.2014 for working capital requirement.The Bonds of ₹15000 Lakhs matured on 28.9.2017 and has been redeemed on maturity date.

iii) There is a continuing default in repayment of loan from Government of India since the year 2002-03 and the overdue amount towards principal is ₹ 8980.60 Lakhs (previous year ₹ 7644.20 Lakhs) and for interest accrued is ₹ 10118.01 Lakhs (previous year ₹ 8587.20 Lakhs). These amounts are shown under 'Other Current Liabilities'. ₹ 8681.36 Lakhs (previous year ₹ 1336.40 Lakhs) maturing in next 12 months is shown under Other Current Liabilities as 'current maturity of long-term borrowings'.

**iv)** The company has made a provision in the books for penal interest payable amounting to ₹ 2004.30 Lakhs upto 31st March, 2018 (Previous year ₹ 1682.00 Lakhs). The govt. loan sanction letter contains the terms and conditions of repayment of the loan, interest applicable etc. In case of default in the repayment of the principal / interest on due date, the sanction letter stipulates that the govt. reserves the right to charge higher interest rate on the overdue amount and also charge interest on interest at the same rate. The company has made provision in the year 2016-17, for penal interest at the enhanced rate on the principal outstanding dues from the year 2001. However, no provision has been made for interest on interest for the period from 01.04.2001 to 31.03.2018 amounting to ₹ 24163 Lakhs.

v) The loan from State Bank of India and Canara Bank outstanding amounting to ₹ 4700 Lakhs and ₹ 195.76 Lakhs respectively were fully paid as full and final settlement of the dues to Canara Bank on 20.2.2018.

(₹ in Lakhs)

| Description | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|
| **14. Trade payables** | | | |
| **14a. Non Current - Trade Payable** | | | |
| Outstanding dues of micro and small enterprises | - | - | - |
| Outstanding dues of other than micro and small enterprises | 4,291.97 | 2,462.00 | 320.00 |
| **Total** | **4,291.97** | **2,462.00** | **320.00** |
| **14b. Current - Trade Payable** (Sundry Creditors) | | | |
| i) Outstanding dues of micro and small enterprises | 26.16 | 37.27 | 73.50 |
| ii) Outstanding dues of other than micro and small enterprises | 13,239.43 | 16,609.21 | 13,765.40 |
| **Total** | **13,265.59** | **16,646.48** | **13,838.90** |
| **Amount due to Micro, Small and Medium enterprises:** | | | |
| **Particulars** | | | |
| a) i) Principal amount remaining unpaid as at the end of each accounting year | 26.16 | 37.27 | 73.50 |
| ii) Interest due thereon | - | 2.86 | 5.72 |
| b) the amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond appointed day. | - | - | - |
| c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006. | - | - | - |
| d) The amount of interest accrued and remaining unpaid at the end of each accounting year | - | 23.29 | 20.44 |
| e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium enterprises Development Act, 2006. | - | - | - |
| **15. Provisions** | | | |
| **15A. Long Term Provisions** | | | |
| **Opening** | | | |
| For Employee's Benefits - Leave encashment | 954.42 | 7,848.73 | 7,967.18 |
| Diff. in Fixed Assets | 2.07 | 10.77 | 10.77 |
| Statutory Claims | - | 18.05 | 18.05 |
| **Sub-total** | **956.49** | **7,877.55** | **7,996.00** |
| **Arising during the year** | | | |
| For Employee's Benefits - Leave encashment | - | 25.64 | 6,919.95 |
| Diff. in Fixed Assets | - | 2.07 | - |
| Statutory Claims | - | - | - |
| Provision for Doubtful recovery-HFL (270-A) | 1,943.45 | | |
| Provision for land Lease premium | 490.99 | | |
| **Sub-total** | **2,434.44** | **27.71** | **6,919.95** |
| **Utilised** | | | |
| For Employee's Benefits - Leave encashment | 14.19 | 6,930.72 | 7,038.40 |
| Diff. in Fixed Assets | - | 18.05 | - |
| Statutory Claims | - | - | - |
| **Sub-total** | **14.19** | **6,948.77** | **7,038.40** |
| **Closing** | | | |
| For Employee's Benefits - Leave encashment | 983.58 | 954.42 | 7,848.73 |
| Diff. in Fixed Assets | 2.07 | 2.07 | 10.77 |
| Statutory Claims | - | - | 18.05 |
| Provision for Doubtful recovery-HFL (270-A) | 1,943.45 | | |
| Provision for land Lease premium | 490.99 | | |
| **Total** | **3,420.09** | **956.49** | **7,877.55** |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(₹ in Lakhs)

| Description | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|
| **15 B. Short Term Provisions** | | | |
| Opening | | | |
| For Employees' Benefits (Gratuity & Leave) | 6,534.65 | 890.45 | 928.34 |
| For Employees Remuneration | 144.04 | 143.10 | 143.10 |
| For Interest to others | 225.23 | 225.23 | 225.23 |
| For Damages/Penality/Penal Interest | 6,473.69 | 6,473.69 | - |
| **Sub-total** | **13,377.61** | **7,732.47** | **1,296.67** |
| Arising during the year | | | |
| For Employees' Benefits (Gratuity & Leave) | 287.80 | - | 244.89 |
| For Employees Remuneration | 0.93 | 1.87 | - |
| For Interest to others | - | - | - |
| For Damages/Penality/Penal Interest | - | - | - |
| **Sub-total** | **288.73** | **1.87** | **244.89** |
| Utilised | | | |
| For Employees' Benefits (Gratuity & Leave) | 6,483.08 | (5,644.20) | 282.78 |
| For Employees Remuneration | 124.16 | 0.93 | (0.93) |
| For Interest to others | 225.23 | - | - |
| For Damages/Penality/Penal Interest | 541.92 | - | - |
| **Sub-total** | **7,374.39** | **(5,643.27)** | **281.85** |
| **Closing** | | | |
| For Employees' Benefits (Gratuity & Leave) | 339.36 | 6,534.65 | 890.45 |
| For Employees Remuneration | 20.81 | 144.04 | 144.04 |
| For Interest to others | - | 225.23 | 225.23 |
| For Damages/Penality/Penal Interest | 5,931.77 | 6,473.69 | - |
| **Total** | **6,291.94** | **13,377.61** | **1,259.72** |

During the year the company has made provision in respect of Damages/Penalty/Penal interest and the total cumulative provision is given below.

a. Damages, Penalties, for default in payment of Pension. ₹ 182.05 Lakhs.
b. Penal Interest on GoI loan ₹ 2004.30 Lakhs.
c. Interest (1.5 %) on Preference Share (₹ 270 Crore) postponement of redemption for 4 year ₹ 2025 Lakhs.
d. Interest on default in repayment of Preference Share Capital @ 1 % for 3 year ₹ 810 Lakhs.
e. Penalty for non-payment of Guarantee fee on government guaranteed bonds ₹ 850 Lakhs
f. Loss on account of mis appropriation of company funds amounting to ₹ 60.41 Lakhs pending final report from CBI and outcome of the civil suit.

**Total impact on account of the above is ₹ 5931.77 Lakhs.**

| Description | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|
| **16. Deferred Tax liabilities** | | | |
| **Opening balance** | 17,193.27 | 17,550.60 | - |
| Income tax expense in the statement of Profit and Loss and Other Comprehensive statement comprise of : | | | |
| Current Tax | - | - | - |
| Deferred tax Assets/ liabilities | 2,793.25 | (357.33) | 17,550.60 |
| **Total** | **19,986.52** | **17,193.27** | **17,550.60** |
| Deferred Tax liabilities (Net) recognised in the Balance Sheet through Other Comprehensive Income in the Opening Balance Sheet on transition to Ind-AS is as under : | | | |
| **17a. Net employee defined benefit liabilities - Non current** | | | |
| Net employee defined benefit liabilities - Gratuity | 2,263.97 | 1,654.74 | - |
| **17b. Net employee defined benefit liabilities - Current** | | | |
| Net employee defined benefit liabilities - Gratuity | **139.09** | **-** | **-** |
| **18. Deferred government grant** | | | |
| Opening balance | 2273.33 | 2273.33 | 1932.34 |
| Add: Received during the year | 0.00 | 0.00 | 164.50 |
| Add: Receivable as per final statement | 0.00 | 0.00 | 176.49 |
| | 2273.33 | 2273.33 | 2273.33 |
| Less: Transferred C.N.A / ISRO | -1721.56 | 0.00 | 0.00 |
| | 551.77 | 2273.33 | 2273.33 |
| Less: Transferred to Income | -471.40 | -302.09 | -200.05 |
| Less: Transferred to Income during the year | -80.37 | -169.31 | -102.03 |
| | **0.00** | **1801.93** | **1971.25** |

(₹ in Lakhs)

| Description | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|
| **19. Other current liabilities** | | | |
| Loan overdue- Loan from Government of India | 17,662.40 | 8,980.60 | 7,644.20 |
| -do- Other Loans | - | 1,390.00 | 1,170.33 |
| Advances from customers | 1,099.72 | 1,432.23 | 540.49 |
| Deposits from Vendors / Customers | 362.52 | 792.22 | 443.14 |
| Interest accrued but not due | 4,664.31 | 2,404.12 | 1,904.06 |
| Interest accrued and due | 10,118.01 | 8,587.20 | 7,379.15 |
| Statutory Liabilities | 377.05 | 3,670.14 | 1,973.84 |
| Employee related liabilities | 12,995.23 | 20,477.94 | 3,232.22 |
| Payroll Recoveries Payable | 23.11 | 554.91 | 9,515.77 |
| Other Liabilities | 2,111.75 | 3,266.96 | 3,294.70 |
| **Total other current liabilities** | **49,414.10** | **51,556.32** | **37,097.90** |

(₹ in Lakhs)

| Description | 01.04.2017 to 31.03.2018 | 01.04.2016 to 31.03.2017 |
|---|---|---|
| **20. Revenue from operations - Sale of products** (Manufactured) | | |
| Nitroproducts | 34.86 | 414.83 |
| Acids (C N A) | 101.66 | 347.50 |
| Spent Acid | 0.58 | 2.24 |
| Dinitrogen Tetro Oxide (N2O4) | 1775.52 | 2904.53 |
| Phenol | 13413.78 | 5102.94 |
| Acetone | 5291.54 | 2530.93 |
| H2O2 | 2940.53 | 2683.13 |
| H. E. of Cumene | 473.29 | 255.53 |
| Cumox Oil | 179.45 | 88.88 |
| Others | 21.73 | 0.00 |
| **Total** | **24232.94** | **14330.51** |
| **21. Other income** | | |
| **Direct income** | | |
| Facility charges from ISRO | 840.00 | 0.00 |
| Sale of Scrap | 1.56 | 7.98 |
| Sub-total | **841.56** | **7.98** |
| **Interest income on** | | |
| On Call and Term Deposits (Gross) | 146.12 | 11.95 |
| On Advances and Deposits with MIDC,MSEB and others | 4.25 | 5.39 |
| On loan to Subsidiary Company | 63.62 | 63.78 |
| Delayed payment & Finance charges from Sundry debtors | 28.02 | 0.82 |
| Sub-total | **242.01** | **81.94** |
| **Other non-operating income** | | |
| Estate Rent | 120.40 | 165.63 |
| Transport, Water, Electricity,etc. recoveries | 46.87 | 55.96 |
| Miscellaneous Income | 160.14 | 270.50 |
| Prior Period Income | 0.00 | 25.90 |
| Excess Provision w/ back | 2206.23 | 18.05 |
| Provision for Impairment written back | 0.00 | 0.00 |
| Income from Slum sale (ISRO) | 2263.99 | 0.00 |
| Profit on Sale of Assets | 749.27 | 1.63 |
| Sub-total | **5546.90** | **537.67** |
| **Total** | **6630.47** | **627.59** |
| **22. Cost of raw material and components consumed** | | |
| Inventory at the beginning of the year | 269.29 | 293.69 |
| Add: Purchases | 13883.81 | 6374.01 |
| Add: Raw material Overhead | 0.00 | 0.00 |
| Less: inventory at the end of the year | 907.84 | 269.29 |
| Less: Transferred to ISRO | 26.91 | 0.00 |
| Cost of raw material and components consumed | **13,218.35** | **6,398.41** |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(₹ in Lakhs)

| | Description | 01.04.2017 to 31.03.2018 | 01.04.2016 to 31.03.2017 |
|---|---|---|---|
| **23.** | **(Increase) / Decrease in inventory** | | |
| | Inventories at the end of the year | | |
| (i) | Stock-in-Process | 930.81 | 952.86 |
| (ii) | Stock for Captive consumption | 282.78 | 232.66 |
| (iii) | Main Products | 1710.64 | 1055.14 |
| (iv) | By Products | 17.81 | 14.00 |
| | | **2942.04** | **2254.66** |
| | Inventories at the beginning of the year | | |
| (i) | Stock-in-Process | 952.86 | 682.31 |
| (ii) | Stock for Captive consumption | 232.66 | 113.01 |
| (iii) | Main Products | 937.69 | 211.92 |
| (iv) | By Products | 14.01 | 4.90 |
| | Less: Transferred to ISRO | -31.35 | 0.00 |
| | | **2105.87** | **1012.14** |
| | Changes in Inventories of finished goods and work in progress | **-836.17** | **-1242.52** |
| **24** | **Employee benefits expense** | | |
| a) | Salaries, wages and bonus | 6349.67 | 7514.56 |
| b) | Contribution to provident and other funds | 676.00 | 743.98 |
| c) | Gratuity payments including premium for Group | 1321.60 | 1010.04 |
| d) | Wage Revision Arrears (1997 & 2007) | 0.00 | 2207.60 |
| e) | Provision for Leave Encashment | 630.05 | 1.20 |
| f) | Staff welfare expenses | 881.70 | 751.24 |
| | | **9859.02** | **12228.62** |
| | Voluntary retirement benefits (VRS & VSS) | 7738.15 | 0.00 |
| | Total | **17597.17** | **12228.62** |
| **25.** | **Finance costs** | | |
| | **Interest:** | | |
| | On Fixed Loans | 5014.80 | 3893.62 |
| | On Other Loans | 554.27 | 1589.25 |
| | Interest - Others | 1818.07 | 3904.53 |
| | | **7387.14** | **9387.40** |
| | Other Borrowing Cost | 74.10 | 97.18 |
| | **Total finance costs** | **7461.24** | **9484.58** |

Interest - others is in respect of interest paid / payable on delayed payment towards provident fund, gratuity, credit society, electricity charges, water charges, income tax (TDS), MSMEs and other creditors against raw-material supplies.

| | Description | 01.04.2017 to 31.03.2018 | 01.04.2016 to 31.03.2017 |
|---|---|---|---|
| **26a.** | **Depreciation and amortization expense** | | |
| | Depreciation of tangible assets | 429.51 | 427.14 |
| | Amortization of intangible assets | 0.00 | 319.75 |
| | | **429.51** | **746.89** |
| **26b.** | **Provision for impairment loss on fixed assets** | **251.03** | 513.31 |
| | | **680.54** | **1260.20** |
| **27.** | **Other expense** | | |
| | **Consumption of Stores and Spares** | **637.12** | **437.64** |
| | **Utilities** | | |
| | Power and Fuel | 5345.11 | 4293.27 |
| | Water | 210.30 | 218.90 |
| | | **5555.41** | **4512.17** |
| | **Repairs & Maintenance:** | | |
| | Building | 125.44 | 69.33 |
| | Plant and Machinery | 110.03 | 127.86 |
| | Other Assets | 166.10 | 173.83 |
| | | **401.57** | **371.02** |

(₹ in Lakhs)

| Description | 01.04.2017 to 31.03.2018 | 01.04.2016 to 31.03.2017 |
|---|---|---|
| **Administration Expenses:** | | |
| Rent | 1.31 | 9.57 |
| Insurance | 68.56 | 53.22 |
| Rates and taxes | 217.01 | 95.65 |
| Consultancy charges | 116.90 | 50.87 |
| **Payment to Auditors** - Audit Fee | 3.31 | 3.31 |
| Payment to Auditors - Others | 1.75 | 2.94 |
| **Other expenses:** | | |
| Power for Township | 174.91 | 124.06 |
| Water for Township | 140.86 | 81.06 |
| Security Expenses | 261.08 | 111.62 |
| Advertisement Expenses | 16.14 | 121.02 |
| Hire of Vehicles Expenses | 13.92 | 30.89 |
| Miscellaneous Expenses | 397.43 | 288.12 |
| Loss on Sale of Assets/Disposal | 128.47 | 0.00 |
| Loss on Assets discarded | 135.67 | 0.00 |
| Prior Period Expenses | 213.39 | 669.02 |
| Bad Debts Written-off | 0.00 | 12.98 |
| | **1890.71** | **1654.33** |
| **Selling and distribution expenses:** | | |
| Cash Discount | 376.17 | 133.68 |
| Publicity Expenses | 1.07 | 9.86 |
| Other selling expenes | 6.46 | 8.60 |
| | **383.70** | **152.14** |
| **Provisions:** | | |
| Provision for Doubtful Debts | 0.04 | 1.42 |
| Provision for Doubtful Advances | 1943.45 | 60.41 |
| Provision for Lease premium | 490.99 | 0.36 |
| Provision for Stock Obsolescence | 0.00 | 102.39 |
| Provision for Penalty | 1113.30 | 4793.28 |
| Unidentified assets | 0.00 | 2.07 |
| Long term agreements | 272.94 | 299.04 |
| | **3820.72** | **5258.97** |
| **Total** | **12689.23** | **12386.27** |

### 28 Implementation of Restructuring plan

i. The Company has implemented the Government approved restructuring plan which includes closure of all plants at Rasayani unit except the Conc. Nitric Acid / N204 Plant (handed over to ISRO) and given VRS to the employees (Direct and Indirect) rendered surplus due to shutting down of the plants at Rasayani except those employees associated with operation of CNA/N2O4 plant at Rasayani and the skeletal staff required for implementation of the proposed restructuring plan.

ii. The Company had announced a VRS Scheme on 20.02.2017 to 21.03.2017 which was kept open for one month initially and further extended by another 15 days. The company received 409 applications from the employees (including the 36 employees opted in 2013). The company has relieved 274 employees on 28.2.2018, 24 employees on 15.3.2018, and 1 employee on 11.4.2018 and 8 employees on 30.4.2018. Out of 150 employees transferred to ISRO 19 employees had opted for VRS and they were relieved on 15.11.2017. In addition there are 8 employees retained for Corproate functions and 15 employees for completion of the restructruing related works, who will be releived after completion of restructuring related works. Total amount paid / payable as VRS compensation to employees is ₹ 6000 Lakhs upto 31st March 2018.

iii) The Board also approved a Volantary Separation Scheme (VSS) for the indirect employees (Canteen, Adhoc and Mathadi workers) of Rasayani Unit, who have been relieved in the month of March 2018. Total amount paid towards VSS is ₹ 1739 Lakhs.

iv) 22 employees who have not opted for VRS has been transferred to the Kochi Unit of the company.

v) Salary arrears of all past and present employees' payables and provided for at respective years will be paid in due course.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**29 EMPLOYEES BENEFIT PLAN:**

**A. Provision for leave encashment**

**Rasayani**: The Company has made provision of ₹ 630.05 Lakhs (previous year ₹ Nil) for leave encashment as per IND AS-19 issued by Institute of Chartered Accountants of India based on Actuarial Valuation. As per the restructuring plan approved by the Government all the employees of Rasayani unit except those employees taken over by ISRO are being given VRS and the leave encashment dues has been settled at the time of relieving them on VRS.

**Kochi:** The Company has made provision of Nil (previous year ₹ 1.20 Lakhs) for leave encashment as per IND IND AS-19 issued by Institute of Chartered Accountants of India based on Actuarial Valuation and the unpaid amount of leave encashment claims submitted by the employees.

**B.** Employees receive benefits from the provident fund managed by the Company. The employee and employer each make monthly contributions to the Provident Fund/Pension Fund plan equal to 12% of the employees' salary/wages. Provident Fund is managed by a separate Exempted Trust. The Provident fund dues of VRS optees has been settled by the Trust.

**C. Gratuity**

**Gratuity plan is governed by the Payment of Gratuity Act, 1972 and employee who has completed five years of service is entitled to gratuity and the level of benefits provided depended on the member's length of service and salary at retirement age**. The Employees' Gratuity Fund Scheme, which is a defined benefit plan, is managed by the Trust through an Annuity Scheme maintained with Life Insurance Corporation of India (LIC). The gratuity liability of Rasayani unit employees has been setteld by the company since the fund available with LIC of India is not sufficient to settle all the liablities. The balance fund available with LIC is ₹ 45.47 Lakhs.

The gratuity liability as on 31st March, 2017 of the retired employees on above account amounting to ₹187.54 Lakhs has been settled during the year and no further payments are due. All dues of gratuity of Rasayani unit and Kochi unit employees relieved upto 31.03.2018 have been paid and there are no further payment dues.

The ceiling of gratuity has been enhanced from ₹ 10 Lakhs to ₹ 20 Lakhs as per GoI Notification dt. 29th March 2018 on Payment of Gratuity (Amendment) Act 2018.

(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligations.

(₹ In Lakhs)

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Present value of obligation as at the beginning of the year | 5712.35 | 4981.55 |
| Interest Cost | 349.92 | 381.09 |
| Current Service Cost | 136.44 | 139.58 |
| Benefits paid | (212.53) | 0.00 |
| Actuarial (gain)/loss on obligations | 3061.55 | 210.13 |
| Past Service Cost | 619.02 | 0.00 |
| Liabilities Extinguished on settlement | (6393.91) | 0.00 |
| Components of actuarial obligation | (869.79) | 0.00 |
| Present value of obligations at the end of year | 2403.05 | 5712.35 |

(ii) Reconciliation of opening and closing balances of fair value of the plan assets:

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Fair value of plan assets at beginning of year | 42.24 | 39.02 |
| Expected return on plan assets | 3.23 | 2.35 |
| Contributions | 0.00 | 0.00 |
| Benefits Paid | 0.00 | 0.00 |
| Actuarial gain/(loss) on plan assets | 0.00 | 0.86 |
| Fair value of plan assets at the end of year | 45.47 | 42.24 |

(iii) Reconciliation of present value of obligations and fair value of plan assets:

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Fair value of Plan Asset at the end of the year | 45.47 | 42.24 |
| Present value of obligations at the end of year | 2403.05 | 5712.35 |
| Liability/(Asset) recognized in the Balance Sheet | **2357.58** | **5670.12** |

(iv) Expenses recognized during the year:

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Current Service Cost | 136.44 | 139.58 |
| Interest cost | 349.92 | 381.09 |
| Expected return on plan assets | 0.00 | (2.35) |
| Past Service cost and loss/gain on curtailments and settlement | 3680.57 | 0.00 |
| Actuarial (gain)/loss | 0.00 | 209.27 |
| Expenses Recognised in Profit & Loss Account | **4166.93** | **727.58** |

(v) Assumptions used to determine the defined benefit obligations

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Mortality Table (LIC) (2006-08 Ultimate) Discount rate (p.a) | 7.35% | 6.80% |
| Expected rate of increase in salary (p.a.) | 7.00% | 7.00% |
| Withdrawal rate | 1% to 3% depending on age | |

**(vi) Reconciliation of net defined benefit liability**

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Net Opening provision in books of accounts | 5,670.12 | 4,981.55 |
| Transfer in/(out) obligation | - | - |
| Transfer (in)/out plan assets | - | - |
| Employee Benefit Expenses as per Annexure 2 | 4,166.94 | - |
| Current Service Cost | - | 139.58 |
| Interest Cost | - | 381.09 |
| Actuarial Loan (Gain) | - | 210.13 |
| Amounts recognized in other Comprehensive Income | -873.02 | - |
| | 8,964.04 | 5,712.35 |
| Benefits paid by the Company | -212.53 | - |
| Benefits settled (Rasayani unit) | -6,393.91 | - |
| Contributions to plan Assets | - | - |
| Closing Provision in books of accounts | 2,357.60 | 5,712.35 |

(vii) Composition of the plan assets

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Government of India Securities | 0.00% | 0.00% |
| State Government Securities | 0.00% | 0.00% |
| High Quality Corporate Bonds | 0.00% | 0.00% |
| Equity Shares of Listed Companies | 0.00% | 0.00% |
| Property | 0.00% | 0.00% |
| Special Deposit Scheme | 0.00% | 0.00% |
| Policy of insurance | 100.00% | 100.00% |
| Bank Balance | 0.00% | 0.00% |
| Other Investments | 0.00% | 0.00% |
| **Total** | 100.00% | 100.00% |

(viii) Bifurcation of liability as per Schedule III

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Current Liability* | 93.62 | 136.44 |
| Non-current Liability | 2,263.97 | 5533.68 |
| Net Liability | 2,357.59 | 5,670.12 |

*The current liability is calculated as expected contributions for the next 12 months.

(ix) Expected cashflows based on past service liability

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Year 1 | 666.64 | - |
| Year 2 | 277.90 | - |
| Year 3 | 364.81 | - |
| Year 4 | 429.33 | - |
| Year 5 | 318.77 | - |
| Year 6 to Year 10 | 680.97 | - |

The future accrual is not considered in arriving at the above cash-flows.

**The Expected contribution for the next year is ₹ 93.62 Lakhs**

**The Average Outstanding Term of the Obligations (Years) as at valuation date is 4.59 years.**

**(x) Sensitivity to Key Assumptions**

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Discount Rate Sensitivity | | |
| Increase by 0.5% | 2,354.02 | - |
| (% change ) | -2.04% | - |
| Decrease by 0.5% | 2,454.34 | - |
| (% change ) | 2.13% | - |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Salary Growth rate Sensitivity | | |
| Increase by 0.5% | 2,437.18 | - |
| (% change ) | 1.42% | - |
| Decrease by 0.5% | 2,369.73 | - |
| (% change ) | -1.39% | - |
| Withdrawal rate (W.R) Sensitivity | | |
| W. R. x 110% | 2,404.90 | - |
| (% change ) | 0.08% | - |
| W. R. x 90% | 2,401.05 | - |
| (% change ) | -0.08% | - |

**A description of methods used for sensitivity analysis and its Limitations:**

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged.

Sensitivity analysis fails to focus on the interrelationship between underlying parameters.

Hence, the results may vary if the two or more variables are changed simultaneously.

The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any

**Details of Asset-Liability Matching Strategy**

It was informed by the company that Gratuity Benefits liabilities of the company are Funded

There are no minimum funding requirements for a Gratuity Benefits plan in India and there is no compulsion on the part of the Company to fully or partially pre-fund the liabilities under the Plan.

The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

**Effect of the defined benefit plan on the entity's future cash flows**

When the benefits of the plan are changed, or when a plan is curtailed or settlement occurs, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment or settlement, is recognized immediately in the profit or loss account when the plan amendment or when a curtailment or settlement occurs.

**(xi) Break-up of defined benefit obligation**

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Vested | 2,395.27 | 5690.49 |
| Non-vested | 7.79 | 21.86 |
| **Total** | **2,403.06** | **5,712.35** |

**(xii) Age wise distribution of defined benefit obligation**

| Age (In years) | DBO (₹ in Lakhs) |
|---|---|
| Less than 25 | - |
| 26 to 35 | 36.44 |
| 36 to 45 | 146.21 |
| 46 to 55 | 1109.07 |
| 56 and above | 1111.33 |
| Accrued gratuity for Left Employees | - |
| **Total** | **2403.05** |

**MAJOR RISK TO THE PLAN**

**A. Acturial Risk:**

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

**Adverse salary growth experience:**

Salary hikes that are higher than the assumed salary escalations will result into an increase in obligation at a rate that is higher than expected.

**Variability in mortality rates:**

If actual mortality rates are higher than assumed mortality rate assumptions than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benfit, the accelaration of cashflow will lead to an acturial loss or gain depending on the relative values of the assumed salary growth and discount rate. Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumptions than the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

**B. Investment Risk**

For Funded Plans that rely on insurers for managing the assets, the value of assets certified by the insurers may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

**C. Liquidity Risk :**

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits .If some of such employees resign/retire from the companies there can be strain on the cashflows.

**D. Market Risk:**

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial market. One acturial assumption that has a material effect if the disount rate. The disount rate reflects the time value of money.An increase in disount rate leads to decrease in defined benefit obligations of the plan benefits and vice-versa. This assumption depends on the yields on the corporate/Government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

**E. Legislative Risk:**

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation /regulation. The Government may amend the payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of defned benefit obligations and the same will have to be recognised immediately in the year when any such amendemnt is effective.

The Summary of the assumptions used in the valuations is given below:

Financial Assumptions

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Discount rate | 7.35% p.a | 6.80% p.a |
| Salary Growth rate | 7.00%p.a | 7.00%p.a |

Demographic Assumptions

Withdrawal rates p.a

| Age Band | 31.03.2018 | 31.03.2017 |
|---|---|---|
| 25 and below | 3.00% | 3.00% |
| 26 to 35 | 2.50% | 2.50% |
| 36 to 45 | 2.00% | 2.00% |
| 46 to 55 | 1.50% | 1.50% |
| 56 and above | 1.00% | 1.00% |

Mortality rates

Sample rates p.a of Indian Assured Lives Mortality

| Age (In years) | 31.03.2018 | 31.03.2017 |
|---|---|---|
| 20 | 0.09% | 0.09% |
| 30 | 0.11% | 0.11% |
| 40 | 0.18% | 0.18% |
| 50 | 0.49% | 0.49% |
| 60 | 1.15% | 1.15% |

Method of Valuation

Actuaries has used projected unit credit (PUC) Method to value the Defined benefit obligation.

**30 PROVISION FOR EMPLOYEE REMUNERATION**

PROVISION FOR ARREARS OF WAGES

The company has made provision on account of wage revision (1997 & 2007), EL / DA difference etc due to Rasayani unit employees amounting to ₹ 4278.81 Lakhs and ₹ 604.82 Lakhs on account of VRS compensation and Gratuity due to 15 employees who are retained for completion of the restructuring plan related works.

**31 FIXED ASSETS**

Land in possession of the Company at Rasayani admeasuring 1010.655 acres (previous year 1010.655 acres) which is valued at the current ready reckoner rate total value of ₹ 143099.52 Lakhs by creating a revaluation reserve. Out of the said land, 39.63 acreas as per the report of the consultant appointed in 2015 has been idenitified as encroached and hence considered at Nil value. There is public road constructed approximating 10.776 acres valued at Nil . The company has during the year initiated survey proceedings with Government of Maharashtra and the survey of the entire land is in progress upto the balance-sheet signing date. The adjustments if any to the actual land holdings of the company would be done on completion of the survey.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

As per the restructuring plan approved by the Government of India, vide order dated May 22, 2017, the company is to close its Rasayani Units, and sell the property, plant and equipment. It has also been stated that the C.N.A / N2O4 plant has to be transferred to ISRO. In accordance with the said order, the company has run its activities upto September 30, 2017 at Rasayani. Thereafter, the company has transferred the land and equipment to ISRO. Similarly all the non-operating plants have been sold and certain plants are under sale in accordance with procedure. These plants in the Asset Register of the company are transferred to Assets held for disposal. Certain utility plant as per the requirement of ISRO are retained by the Company and will be disposed of once ISRO constructs its own facilties.

Capital Work-in-Progress and Expenditure during Construction includes ₹ 2978.91 Lakhs (previous year ₹ 2978.91 Lakhs) towards cost of JNPT Tank Terminal project wherein management had decided to suspend further construction. The company has gone into arbitration against JNPT for various issues. Provision for Impairment amounting to ₹ 2885.56 Lakhs has been made based on the valuer report. The company has provided for the lease rentals liability to JNPT upto March 2013 in accordance with the confirmation received from JNPT.

With respect to the Company's leased land at Kharghar, the commencement of construction certificate issued by CIDCO was valid upto 29.12.2012. However the company has not carried out any construction on the said leased land. The company has provided for ₹ 490.99 Lakhs towards charges/premium payable to CIDCO upto March 31, 2018. The company is also in the process selling the partially constructed Tank facilties through JNPT and therefore the same is treated as held for sale.

**32 INVESTMENT**

a) The Company has an investment of ₹ 1106.00 Lakhs (previous year ₹ 1106.00 Lakhs) in the equity share of subsidiary company M/s. Hindustan Fluorocarbons Ltd. (HFL) which is under BIFR since 1994. The net worth of the Company based on its latest audited balance sheet as at 31st March, 2018 is negative. Provision has been made during earlier year towards permanent diminution in the value of these investments amounting to ₹ 221.20 Lakhs. No provisions are made during the year. As per the decision of the Government of India, the company has decided to divest the entire stake in the Subsidiary for which the Transaction and Legal Advisors have been appointed.

During the year 2007-08, the Modified Draft Rehabilitation Scheme (MDRS) for revival of subsidiary - Hindustan Flurocarbon Ltd. (HFL) was approved by BIFR for implementation. As part of implementation of MDRS, HOCL had waived interest of ₹ 2260.26 Lakhs accumulated on loan given to HFL and converted the unsecured loan amounting to ₹ 2744.06 Lakhs as Zero Coupon Loan (ZCL), into secured loan by on HFL creating first charge on immovable property (land 84.31 acre valued to the extent of ₹ 2041.76 Lakhs as per Govt. rate) in favour of HOCL. This loan was payable in 7 equal annual instalments commencing from 2010-11, aggregating to ₹ 2744.06 (Previous year ₹ 2732.06) which has become due and payable in full. Further, the Company had given loans to HFL aggregating to ₹ 453.01 (Previous Year ₹ 453.01) 10.25% to 14.50% which has become payable in full. This loan is also secured by first charge on the HFL immovable property . A provision has been made for the shortfall in the security to the extent of ₹ 1943.45 Lakhs till date.

The company has entered into an agreement dt. 16.10.2006 to lease the school infrastructure facilities to M/s.Mahatma Education Society (MES) for managing the school for a period of 30 years. The management of MES in order to start professional courses has constructed new buildings and facilities in the premises in contravention of the terms of agreement. The company has sent a notice for termination as per the tems of the agreement to M/s.MES. M/s.MES has filed a petition challenging the termination notice in the Dist. Magistrates Court Alibag. MES has filed petition in the Bombay High Court for appointment of Arbitrator in the dispute between HOCL and MES. The District Court has granted stay pending the final disposal of the Arbitration petition of MES. Company has filed a petition to vacate the stay granted by the District Court in the Bombay High Court.

**33 EARNING PER SHARE**

| Earnings per share has been calculated as follows: | 2017-18 | 2016-17 |
|---|---|---|
| Net Profit/(Loss) after Tax ( ₹ in Lakhs ) | -19946.95 | -25557.46 |
| Weighted average number of equity shares | 67173100 | 67173100 |
| Nominal Value per equity share ( ₹ ) | 10.00 | 10.00 |
| Basic / Diluted Earning per equity share ( ₹ ) | -29.69 | -38.05 |

**34 SEGMENT REPORTING.**

Since the company is manufacturing only Chemicals, there are no separate reportable primary and secondary segments and all the chemicals manufactured by the company are considered to have been representing as single reportable segment. The requirements of Indian Accounting Standard 108 with regard to disclosure of segmental results are therefore considered not applicable to the company.

**35 BALANCE CONFIRMATION**

Balances of trade receivables, trade payables, loans, advances, other current assets and borrowings are subject to confirmation / reconciliation and subsequent adjustments.

**36 Contingent Liabilities & Commitments** (₹ in Lakhs)

| | | 2017-18 | 2016-17 |
|---|---|---|---|
| **i)** | **Contingent Liabilities** | | |
| **a)** | **Claims against the Company not Acknowledged as debts:** | | |
| i) | Differential tax on account of concessional forms in respect of concessional sales | 105.62 | 281.92 |
| ii) | Income Tax Claims | 672.96 | 672.96 |
| iii) | Sales Tax / KVAT Claim | 1095.80 | 1095.80 |
| iv) | Excise Claims | 635.17 | 633.00 |
| v) | Customs duty | 277.18 | 277.18 |
| vi) | Rental claim Harchandrai House | 4925.77 | 4661.76 |
| vii) | Delayed Payment Charges claimed by BPCL | 1480.31 | 985.25 |
| vii) | Gratuity for School teachers & PLI | 108.81 | 108.81 |
| viii) | Other claims (P&A - Legal cases) | 159.05 | 1544.02 |
| c) | Bank guarantee given | 130.15 | 135.15 |
| d) | Guarantees given on behalf of the Subsidiary Company, Hindustan Fluoro-carbons Limited to Financial Institutions and Commercial Banks for securing loans and cash credit facilities. | 603.00 | 603.00 |
| e) | Security Bond given to Commercial Taxes Dept., Govt. of Kerala | 3053.30 | 3053.30 |
| | | **13247.12** | **14052.15** |
| **ii)** | **Commitments:** | | |
| i) | Other Commitments (Refer note - 28) | 0.00 | 7909.56 |

**37 RELATED PARTY DISCLOSURE AS PER Ind- AS 24**

a) The company is a Government related entity as the Government of India holds its major equity capital and therefore transactions with its related parties being other Government related entities have not been seperately disclosed herein in view of the exemption from such disclosure under Ind-As 24. These entities are the subsidiaries and joint ventures of the company and these transactions relate to investments, Loans and advances granted and interest earned/accrued on such loan and allowances for these current and non current assets created in the Balance Sheet to arrive at the fair value. The outstanding balances in respect of such transactions have been disclosed under the respective Notes .

As per Ind AS 24 (para 26), the disclosures of transactions with the related parties are given below:

List of related parties where control exists and also related parties with whom transactions have taken place and relationships:

(₹ In Lakhs)

| Sr. No. | Name of the Related Party Relationship | Relationship | Details of Transaction | Amt. of Transaction during 2017-18 | Outstanding at the end of the year (31.03.2018) | Amt. of Transaction during 2016-17 | Outstanding as on 31.03.2017 |
|---|---|---|---|---|---|---|---|
| 1 | Hindustan Flurocarbon Ltd. (HFL) | Subsidiary company with 56.43% share holding. | Interest on loan given to HFL | 63.62 | 3978.69 | 63.62 | 3921.43 |
| 2a | Bharat Petroleum Corporation Ltd | Controlled by Government of India. | Purchase of Raw materials (LPG, Benzene & FO) | 15873.05 | 10609.67 | 6840.41 | 10849.92 |
| 2b | Bharat Petroleum Corporation Ltd | Controlled by Government of India. | Sale of Finished Goods (H2O2) | 184.77 | 21.91 | 46.53 | 21.91 |
| 2c | Bharat Petroleum Corporation Ltd | Controlled by Government of India. | Sale of 251 acres of Rasayani land out of the total agreed land area of 442 acres @ ₹ 140 Lakhs per acre. | 35140.00 | Nil | Nil | Nil |
| **Trusts constituted by the Company** | | | | | | | |
| **3a** | HOCL Employees Provident Fund Trust, Rasayani | Managed by Trustees nominated by the company and the Employees' unions/ associations. | Company's contribution to Provident Fund | 392.03 | 132.41 | 448.38 | 2460.25 |
| **3b** | HOCL Employees Provident Fund Trust, Kochi Unit | -do- | Company's contribution to Provident Fund | 283.97 | 44.97 | 295.60 | 1397.97 |
| **3c** | HOCL Group Gratuity Trust | -do- | Nil | Nil | Nil | Nil | Nil |

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

(₹ in Lakhs)

| 2017-18 | | Short-term employee benefits | Post-term employee benefits | Other long-term benefits | Termination benefits | Share-based payments | Total |
|---|---|---|---|---|---|---|---|
| **A.** | **Remuneration to Whole time Director, Managing Director and/or Manager:** | | | | | | |
| | Shri. S.B. Bhide, CMD | 21.85 | 3.51 | 0.00 | 0.00 | 0.00 | 25.36 |
| **B.** | **Remuneration to Other Directors** | | | | | | |
| **i)** | **Govt. Nominee Directors** | | | | | | |
| | Ms. Meenakshi Gupta, AS&FA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Shri. Samir Kumar Biswas, JS | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **ii)** | **Independent Directors** (Sitting fee paid to NOIDs for attending the Meetings of the Board/Committees) | | | | | | |
| | Ms. Pushpa Trivedi,NOID | 0.65 | 0.00 | 0.00 | 0.00 | 0.00 | 0.65 |
| | Mr. Mukesh Pareek,NOID | 0.70 | 0.00 | 0.00 | 0.00 | 0.00 | 0.70 |
| | Ms. Lata Alker, NOID | 0.55 | 0.00 | 0.00 | 0.00 | 0.00 | 0.55 |
| **C.** | **Key Managerial Personnel** | | | | | | |
| | Mr. P.O. Luise, CFO | 17.03 | 2.33 | 0.00 | 0.00 | 0.00 | 19.36 |
| | Mrs. Susheela S. Kulkarni, CS | 15.67 | 2.48 | 0.00 | 0.00 | 0.00 | 18.15 |
| | | **56.45** | **8.32** | **0.00** | **0.00** | **0.00** | **64.77** |

(₹ in Lakhs)

| 2016-17 | | Short-term employee benefits | Post-term employee benefits | Other long-term benefits | Termination benefits | Share-based payments | Total |
|---|---|---|---|---|---|---|---|
| **A.** | **Remuneration to Whole time Director, Managing Director and/or Manager:** | | | | | | |
| | Shri. S.B. Bhide, CMD | 19.94 | 3.24 | 0.00 | 0.00 | 0.00 | 23.18 |
| | Shri. J.N.Suryawanshi, DM | 24.57 | 1.19 | 0.00 | 0.00 | 0.00 | 25.76 |
| **B.** | **Remuneration to Other Directors** | | | | | | |
| **i)** | **Govt. Nominee Directors** | | | | | | |
| | Ms. Meenakshi Gupta, AS&FA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | Shri. Samir Kumar Biswas, JS | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| **ii)** | **Independent Directors** | | | | | | |
| | (Sitting fee paid to NOIDs for attending the Meetings of the Board/Committees) | | | | | | |
| | Ms. Pushpa Trivedi,NOID | 0.50 | 0.00 | 0.00 | 0.00 | 0.00 | 0.50 |
| | Mr. Mukesh Pareek,NOID | 0.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.10 |
| | Ms. Lata Alker, NOID | 0.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.10 |
| **C.** | **Key Managerial Personnel** | | | | | | |
| | Mr. P.O. Luise, CFO | 15.26 | 2.23 | 0.00 | 0.00 | 0.00 | 17.49 |
| | Mrs. Susheela S. Kulkarni, CS | 13.96 | 2.28 | 0.00 | 0.00 | 0.00 | 16.24 |
| | | **74.43** | **8.94** | **0.00** | **0.00** | **0.00** | **83.37** |

**Note-38 Financial Instruments :**

**38a. Financial Instrument**

A Fair Values hierarchy :

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

B Financial assets and liabilities measured at fair value-recurring fair value measurements :

(₹ In Lakhs )

| | As at 31st March, 2018 | | | | As at 31st March,2017 | | | | As at 1st April, 2016 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets :** | | | | | | | | | | | | |
| Loans | - | - | 3402.01 | 3402.01 | | - | 3399.45 | 3399.45 | | | 3339.36 | 3339.36 |
| Trade Receivables | - | - | 439.00 | 439.00 | | - | 492.62 | 492.62 | | | 641.12 | 641.12 |
| Investments | 889.80 | - | - | 889.80 | 889.80 | - | - | 889.80 | 889.80 | | - | 889.80 |
| Cash and cash equivalents | - | - | 10904.28 | 10904.28 | | - | 341.47 | 341.47 | | | 221.59 | 221.59 |
| Other Financial Assets | - | - | 1142.64 | 1142.64 | | - | 832.03 | 832.03 | | | 872.28 | 872.28 |
| **Total Financial assets** | **889.80** | **-** | **15,887.93** | **16,777.73** | | **-** | **5,065.57** | **5,955.37** | | | **5,074.35** | **5,964.15** |
| **Financial liabilities** | | | | - | | | | - | | | | - |
| Non Cumulative Preference share | - | - | 27000.00 | 27000.00 | | - | 27000.00 | 27000.00 | | | 27000.00 | 27000.00 |
| Borrowings | - | - | 24557.26 | 24557.26 | | - | 6250.82 | 6250.82 | | | 32368.54 | 32368.54 |
| Trade payables | - | - | 17557.56 | 17557.56 | | - | 19108.48 | 19108.48 | | | 14158.90 | 14158.90 |
| Other current financial liabilities | - | - | 8681.80 | 8681.80 | | - | 26336.40 | 26336.40 | | | 0.00 | 0.00 |
| **Total Financial liabilities** | **-** | **-** | **77,796.62** | **77,796.62** | **-** | **-** | **78,695.70** | **78,695.70** | **-** | **-** | **73,527.44** | **73,527.44** |

**38b. Categories of Financial Instruments**

A Fair Values hierarchy :

(₹ In Lakhs)

| | As at 31.03.2018 | | | | As at 31.03.2017 | | | | As at 01.04.2016 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVOCI | Amortised Cost | Total | FVTPL | FVTPL | Amortised Cost | Total | FVTPL | FVTPL | Amortised Cost | Total |
| **Financial assets :** | | | | | | | | | | | | |
| Loans | | | 3402.01 | 3402.01 | | | 3399.45 | 3399.45 | | | 3339.36 | 3339.36 |
| Trade Receivables | | | 439.00 | 439.00 | | | 492.62 | 492.62 | | | 641.12 | 641.12 |
| Investments | | | 889.80 | 889.80 | | | 0.00 | 0.00 | | | 0.00 | 0.00 |
| Cash and cash equivalents | | | 10904.28 | 10904.28 | | | 341.47 | 341.47 | | | 221.59 | 221.59 |
| Other Financial Assets | | | 1142.64 | 1142.64 | | | 832.03 | 832.03 | | | 872.28 | 872.28 |
| **Total Financial assets** | | | **16,777.73** | **16,777.73** | | | **5,065.57** | **5,065.57** | | | **5,074.35** | **5,074.35** |
| **Financial liabilities** | | | | - | | | | - | | | | - |
| Non Cumulative Preference share | | | 27000.00 | 27000.00 | | | 27000.00 | 27000.00 | | | 27000.00 | 27000.00 |
| Borrowings | | | 24557.26 | 24557.26 | | | 6250.83 | 6250.83 | | | 32368.54 | 32368.54 |
| Trade payables | | | 17557.56 | 17557.56 | | | 19108.48 | 19108.48 | | | 14158.90 | 14158.90 |
| Other current financial liabilities | | | 8681.80 | 8681.80 | | | 26336.40 | 26336.40 | | | 0.00 | 0.00 |
| **Total Financial liabilities** | | | **77,796.62** | **77,796.62** | **-** | **-** | **78,695.71** | **78,695.71** | **-** | **-** | **73,527.44** | **73,527.44** |

**39-I. Reconciliation of Equity**

**The effect of the Company's transition to Ind AS is summarized as reconciliations of Equity, Profit and Total comprehensive income with Indian GAAP as explained below:**

1) Reconciliation of equity as previously reported under Indian GAAP to Ind AS.

2) Reconciliation of profit or loss and Total Comprehensive income as previously reported under Indian GAAP to Ind AS.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

| Particulars | Reconciliation of equity as at 1 April 2016 (date of transition to Ind AS) | | | Reconciliation of equity as at 31st March 2017 | | |
|---|---|---|---|---|---|---|
| | As per Indian GAAP | Effects of transition to Ind AS | As per IND AS | As per Indian GAAP | Effects of transition to Ind AS | As per IND AS |
| **Assets** | | | | | | |
| **Non-current assets** | | | | | | |
| Property, plant and equipment | 10,065.54 | -155,230.06 | 165,295.60 | 8831.37 | -154822.78 | 163654.15 |
| Capital work-in-progress | 433.22 | -0.00 | 433.22 | 433.22 | 0.00 | 433.22 |
| Intangible assets | 7.64 | 0.00 | 7.64 | 1.05 | 0.00 | 1.05 |
| Investment Property | | -5.08 | 5.08 | - | -5.08 | 5.08 |
| Other Intangible assets | - | - | - | - | - | - |
| Intangible assets under development | - | - | - | - | - | - |
| **Financial assets** | - | - | - | | | |
| Investments | 889.80 | - | 889.80 | 889.80 | 0.00 | 889.80 |
| Loans | 2,839.69 | 0.00 | 2,839.69 | 2834.32 | 0.00 | 2834.32 |
| Other non current assets | | -143.96 | 143.96 | | -144.94 | 144.94 |
| | 14,235.89 | -155,379.11 | 169,614.99 | 12989.76 | -154972.79 | 167962.56 |
| **Current assets** | | | | | | |
| Inventories | 3,131.91 | 0.00 | 3,131.91 | 4392.29 | 0.00 | 4392.29 |
| **Financial assets** | | | | | | |
| Trade receivables | 641.12 | 0.00 | 641.12 | 492.61 | 0.00 | 492.61 |
| Cash and cash equivalents | 234.22 | 12.63 | 221.59 | 355.03 | 13.56 | 341.47 |
| Loans | 2,219.31 | 1,719.64 | 499.67 | 0.00 | -565.13 | 565.13 |
| Other Financial assets | - | -872.28 | 872.28 | 0.00 | -832.03 | 832.03 |
| Short term loan & advances | 2,932.50 | 2,932.50 | - | 5625.50 | 5625.50 | 0.00 |
| Non current assets held for sale | - | -1,032.22 | 1,032.22 | 0.00 | -1439.51 | 1439.51 |
| Other current assets | 218.17 | -3,267.33 | 3,485.50 | 194.94 | -3715.76 | 3910.70 |
| | 9,377.23 | -507.05 | 9,884.29 | 11060.37 | -913.37 | 11973.74 |
| **Total Assets** | 23,613.11 | -155,886.16 | 179,499.28 | 24050.13 | -155886.16 | 179936.30 |
| **Equity and liabilities** | | | | | | |
| Equity | | | | | | |
| Share capital | 33,726.96 | 27,000.00 | 6,726.96 | 33726.96 | 27000.00 | 6726.96 |
| **Other equity** | | | | | | |
| Share Premium | 5,298.78 | - | 5,298.78 | 0.00 | -4984.32 | 4984.32 |
| Retained Earnings | -110,146.49 | - | -110,146.49 | -130719.65 | 4984.30 | -135703.95 |
| Other comprensive Income | - | -138,335.57 | 138,335.57 | 0.00 | -138692.90 | 138692.90 |
| **Total equity** | -71,120.75 | -111,335.57 | 40,214.82 | -96992.69 | -111692.92 | 14700.23 |
| **Deferred Government Grant** | 1,971.25 | - | 1,971.25 | 1801.94 | 0.00 | 1801.94 |
| **Non-current liabilities** | | | | | | |
| Financial liabilities | | | | | | |
| Borrowings | 28,327.16 | -0.00 | 28,327.16 | 28445.40 | 26336.40 | 2109.00 |
| Trade payables | - | -320.00 | 320.00 | 0.00 | -2462.00 | 2462.00 |
| Other financial liabilities | - | - | - | - | - | - |
| Long term provisions | 7,877.55 | - | 7,877.55 | 2611.24 | 1654.75 | 956.49 |
| Deferred Tax Liabilities | | -17,550.60 | 17,550.60 | 0.00 | -17193.27 | 17193.27 |
| Net employee defined benefit liabilities | | | | 0.00 | -1654.74 | 1654.74 |
| | 38,175.96 | -17,870.60 | 56,046.56 | 32858.58 | 6681.14 | 26177.44 |
| **Current liabilities** | | | | | | |
| Financial liabilities | | | | | | |
| Non Cumulative Preference Shares | | -27,000.00 | 27,000.00 | | -27000.00 | 27000.00 |
| Borrowings | 4,041.38 | 0.00 | 4,041.38 | 4141.82 | 0.00 | 4141.82 |
| Trade payables | 14,158.88 | 319.98 | 13,838.90 | 19108.46 | 2461.98 | 16646.48 |
| Other current financial liabilities | - | - | - | 10774.54 | -15561.86 | 26336.40 |
| Provisions | 1,259.72 | - | 1,259.72 | 13377.61 | 0.00 | 13377.61 |
| Other current liabilities | 37,097.90 | - | 37,097.90 | 40781.80 | -10774.52 | 51556.32 |
| | 56,557.89 | -26,680.01 | 83,237.90 | 88184.23 | -50874.40 | 139058.63 |
| **Total liabilities** | 94,733.86 | -44,550.60 | 139,284.46 | 121042.81 | -44193.26 | 165236.07 |
| **Total equity and liabilities** | 23,613.11 | -155,886.16 | 179,499.28 | 24050.13 | -155886.16 | 179936.30 |

Note:

I. Fair valuation of Freehold land (under Property, Plant and Equipment) classified as Non-current assets held for sale: The Company have considered fair value for freehold land, situated in India, with impact of ₹ 1,55,230.06 Lakhs (as on 01.04.2016)

II Deferred Tax: The impact of transition adjustments together with Ind AS mandate of using balance sheet approach (against profit and loss approach in the previous GAAP) for computation of deferred taxes has resulted in charge to the Other Comprehensive income, on the date of transition, with consequential impact to the Statement of Other Comprehensive income for the subsequent periods.

III. All the other adjustmenet items relate to re-grouping of the balance sheet items in accordance with the disclosure requirements of presentation of balance sheet under Ind AS.

**Note-39 II Reconciliation of Statement of Profit & Loss and Other Comprehensive Income** Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31st March , 2017

(₹ In Lakhs)

| Particulars | | As per Previous GAAP | Effects of transition to Ind AS | As Per Ind AS |
|---|---|---|---|---|
| Revenue from operations: | | | | |
| Sale of products | 19 | 15828.70 | -1498.19 | 14330.51 |
| Less :- Excise Duty | | 1490.21 | -1490.21 | 0.00 |
| | | 14338.49 | -7.98 | 14330.51 |
| Other Income | 20 | 575.65 | 51.94 | 627.59 |
| **Total Income** | | **14914.14** | **43.96** | **14958.10** |
| EXPENSES | | | | |
| Cost of materials consumed | 21 | 6398.42 | 0.01 | 6398.41 |
| Excise Duty on sale of Product | | 0.00 | 0.00 | 0.00 |
| Excise Duty on Closing stock | | 101.85 | -101.85 | 0.00 |
| Purchases of Stock-in-Trade | | 0.00 | 0.00 | 0.00 |
| Changes in Inventories of finished goods, Stock in Trade and work in progress | 22 | -1344.37 | 101.85 | -1242.52 |
| Employee benefits expenses | 23 | 10021.03 | -2207.59 | 12228.62 |
| Finance costs | 24 | 9484.58 | 0.00 | 9484.58 |
| Depreciation and amortization expenses | 25 | 746.89 | 0.00 | 746.89 |
| Provision for impairment loss on fixed assets | | 513.31 | 0.00 | 513.31 |
| Other expenses | 26 | 11717.22 | -669.05 | 12386.27 |
| | | | 0.00 | 0.00 |
| Total expenses | | **37638.93** | **-2876.63** | **40515.56** |
| Profit / (Loss) before prior period adjustment, exceptional items and tax | | **-22724.79** | **-2832.67** | **-25557.46** |
| Less:- Prior period adjustment | | 2832.67 | 2832.67 | 0.00 |
| Profit / (Loss) before exceptional items and tax | | -25557.46 | 0.00 | -25557.46 |
| Less: Exceptional items | | 0.00 | 0.00 | 0.00 |
| Profit / (Loss) before tax | | -25557.46 | 0.00 | -25557.46 |
| (1) Current tax | | 0.00 | 0.00 | 0.00 |
| (2) Deferred tax | | 0.00 | 0.00 | 0.00 |
| (3) Mat Credit utilised | | 0.00 | 0.00 | 0.00 |
| Tax expenses : | | | | |
| Profit / (Loss) for the period | | -25557.46 | 0.00 | -25557.46 |
| Other Comprehensive Income | | 0.00 | 0.00 | 0.00 |
| Items that will not be reclassified to Profit or loss | | | | |
| (i) Revaluation of Plant, Property & equipments | | 0.00 | 0.00 | 0.00 |
| Deferred Tax Assets on revalued of Properties | | 0.00 | 357.33 | 357.33 |
| (ii) Provision for Duties & taxes | | 0.00 | 0.00 | 0.00 |
| Other Comprehensive Income for the yaer ( net ) | | 0.00 | 357.33 | 357.33 |
| **Total Comprehensive Income for the year** | | **-25557.46** | **357.33** | **-25200.13** |

Note:The major effect arising on account of transition was due to classification of Prior period expenses as Employee benefit expenses amounting to ₹ 2207.59 Lakhs, other expenses of ₹ 669.05 Lakhs and other income ₹ 43.96 Lakhs. Deferred Tax amounting of ₹ 357.33 Lakhs on account of Revaluation of Land considered under Other Comprehensive income.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

**39-III. Effect of Ind AS adoption on the statement of Cash flows for the year ended March 31, 2017**

| Particulars | Year ended March 31, 2017 ( Latest period presented under previous GAAP ) | | |
|---|---|---|---|
| | As per Indian GAAP | Effects of transition to Ind AS | As per IND AS |
| Net Cash flows from operating activities | 6379.09 | 0.93 | 6378.16 |
| Net Cash flows from investing activities | 53.60 | 0.00 | 53.60 |
| Net Cash flows from financing activities | -6311.88 | 0.00 | -6311.88 |
| Net Increase ( Decrease ) in cash & Cash equivalents | 120.81 | 0.93 | 119.88 |
| Net Increase ( Decrease ) in cash & Cash equivalents at the beginning of the year | 234.22 | 12.63 | 221.59 |
| Net Increase ( Decrease ) in cash & Cash equivalents at the end of the year | 355.03 | 13.56 | 341.47 |

**39-IV Based on the observations of Comptroller and Auditor General of India, following additions / revisions have been carried out :**

| Sl. No. | Note No. | Subject |
|---|---|---|
| a. | 9 | Cash and Cash Equivalents: |
| | | Deposits with original maturity of less than three months increased by ₹ 12.52 Lakhs. |
| b. | 10 | Other Financial Assets |
| | | Accrued Interest on Deposit increased by ₹ 1.26 Lakhs. |
| c. | 6b | Other Curent Assets |
| | | Statutory receivable - Duties and Taxes Increased by ₹ 2.74 Lakhs. |
| d. | 12b | Retained Earnings |
| | | Profit / (Loss)- Loss increased by ₹ 29.15 Lakhs. |
| c. | 14b | Trade Payables: |
| | | Increase in Trade payable by ₹ 11.81 Lakhs. |
| d. | 15b | Short Term Provisions |
| | | Penal Interest on GoI loan additional provided ₹ 26.81 Lakhs. |
| e | 19 | Other Liabilities: |
| | | Increase in liablities by ₹ 7.05 Lakhs. |
| f | 21 | Other Income |
| | | Interest Income increase by ₹ 16.52 Lakhs (27.40+1.26-12.14) |
| g | 24 | Employee Benefit Expenses |
| | | Wage revision arrears ₹ 2207 Lakhs to Employees reclassified from Other Expenses (Prior Year expenses) to Employees Benefit Expenses in 2016-17. |
| h | 27 | Other Expenses |
| | | Increase in Repairs & Maintenance by 1.33 Lakhs, Admin Expenses by ₹ 17.53 Lakhs and GoI loan Penalty by ₹ 26.81 Lakhs. |

**The following additional Notes / modification to Notes given in compliance with provisions of Ind AS.**

| | | |
|---|---|---|
| a. | 3d | Non- Current Assets held for sale, . |
| b. | 13(iv) | GoI loan Penal Interest on interest ₹ 24163 Lakhs not provided. |
| c. | 29c | Employee Benefit Plan on account amendment to Gratuity, Actuarial valuation assumptions. |
| d. | 37 | Related Party disclosure related to Subsidiary Company, Trusts and significant transaction with other Govt. Companies and Key Managerial Personnel. |
| e | 39I | Reconciliation of Equity. |
| f | 39II | Reconciliation of Statement of Profit and Loss |
| g | Cashflow statement | |
| h | 39III | Effect of Ind AS adoption on Cash Flow. |

### 40. Notes to Statement of Profit and Loss and Other Comprehensive Income

a) The Company has elected to continue with the carrying value for all its Property, Plant and Equipment as of April 1, 2016 measured under Indian GAAP as deemed cost as of April 1, 2016 (transition date) except Freehold Land where fair value (circle rate) has been considered as deemed cost.

b) Under Indian GAAP, the Company measured financial assets at cost. As at the transition date, the company recognised the provision for expected credit loss for certain financial assets as per the criteria set out in Ind AS 101. All the financials liabilities have been carried at amortized cost and such differences have been appropriately addressed.

c) Represents Deferred Tax adjustments on the Ind AS transition adjustments. However considering the losses of the company no current tax impact was given.

d) The Company recognises costs related to its post-employment defined benefit plan on an actuarial basis both under Indian GAAP and Ind AS. Under Indian GAAP, the entire cost including actuarial gains and losses and return on planned assets are charged to profit or loss. Under Ind AS, actuarial gains and losses and return on planned assets recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income.

e) Consequential sum of the adjustments carried out in the other comprehensive income net of tax implications thereon.

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**For and on behalf of the Board of Directors**

**Sd/-**
**S.B. Bhide**
Chairman & Managing Director

**Sd/-**
**Ms. Pushpa Trivedi**
Director

**Sd/-**
**Mrs. Susheela S. Kulkarni**
Company Secretary

**Sd/-**
**P.O. Luise**
Chief Financial Officer

**Place:** Mumbai
**Date:** 27.08.2018

As per our report of even date
**For M.B. AGRAWAL & CO.**
Chartered Accountants
ICAI FRN 100137W

**Sd/-**
**Harshal Agrawal**
Partner
Membership No.109438

## INDEPENDENT AUDITOR'S REPORT

To the Members of **HINDUSTAN ORGANIC CHEMICALS LIMITED**

**Report on the Revised Consolidated Ind AS Financial Statements**

We have audited the accompanying Consolidated Ind AS Financial Statements of Hindustan Organic Chemicals Limited ("the Holding Company") and its subsidiary (the Holding Company and its subsidiary together referred to as the "the group"), comprising of the Consolidated Balance Sheet as at 31st March, 2018, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information(hereinafter referred to as "the consolidated Ind AS financial statements").

**Management's Responsibility for the Revised Consolidated Ind AS Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and change in equity of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant Rules issued thereunder.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these Consolidated Ind AS Financial Statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS Financial Statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Group as at 31st March, 2018, and their consolidated loss and their consolidated cash flows and the consolidated changes in equity for the year ended on that date.

**Emphasis of Matter**

(a) Attention is drawn to Note no. 31 to the consolidated IndAS financial statements which state that the Government of India has approved the restructuring plan of the company which includes closure of all the plants at Rasayani unit except the Conc. Nitric Acid/N2O4 Plant which is now handed over to ISRO and VRS to the employees is also provided except those associated with operation of Conc. Nitric Acid / N2O4 plant at Rasayani and the skeletal staff required to implement the proposed restructuring. In view of this, the financial statement have been prepared on Going Concern basis.

(b) The balances of trade payables, loans & advances and other current assets and other debit/credit balances are pending for confirmations and reconciliation (Note no. 36). The effect on the same on the loss is not ascertainable.

(c) The financials of HOC-Chematur Ltd. in which the Holding Company holds 60% of the equity, has not been considered by the management in the Consolidated Ind AS Financial Statements since the company has already completed the process of winding up and obtained approval from ROC. However, the Gazette Notification is awaited.

(d) Attention is drawn to Note no. 13(c)(iv) to the Consolidated IndAS financial statements which state that the Company has made provision for penal interest on Government loan, however, no provision has been made for interest on interest as per the sanction terms of the loan. Interest on interest has not been provided from the year 01.04.2001 to 31.03.2018 amounting to ₹ 2,41,63 Lakhs, accordingly loss to the said extent over the period of years has not been booked.

As per the information and explanation given to us, the impact of differences as above is not material with the respect to the Group as a whole.

Our opinion is not modified in respect of this matter.

**Other Matter**

We did not audit the financial statements / financial information of the subsidiary whose financial statements / financial information reflect total assets of ₹ 6,241.83 Lakhs as at 31st March, 2018, total revenues of ₹ 3,721.47 Lakhs and other comprehensive loss of ₹ (405.26) Lakhs and net cash flows amounting to ₹ (132.32) Lakhs for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. We also did not audit the financial statements / information of the Kochi unit included in the Consolidated Ind AS financial statement of the Company whose financial statements / information reflecting the total assets of ₹ 20,954.81 Lakhs (excluding inter-branch balance) as at 31st March 2018 and total revenue of ₹ 22,525.24 Lakhs and other comprehensive loss of ₹ (5,031.52) Lakhs for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements.

These financial statements / financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and Kochi unit, and our report in terms of sub-sections (3) and(11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary is based solely on the reports of the other auditors.

Our opinion on the Consolidated Ind AS Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements / financial information certified by the Management.

**Report on Other Legal and Regulatory Requirements**

1. As required by the directions and sub-directions issued by the office of the Comptroller & Auditor General of India under section 143(5) of the Act, we give in the Annexure A, a statement on the matters referred to in those directions.
2. As required by Section 143 (3) of the Act, we report, to the extent applicable that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements.
   (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
   (c) The report on the accounts of the Branch office of the Company audited under section 143(8) of the Act by the Branch Auditors have been sent to us and have been properly dealt with by us in preparing this report.
   (d) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Statement of changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements.
   (e) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant Rules issued thereunder.
   (f) As per the notification no. G.S.R. 463(E) dated June 05, 2015, the Government companies are exempted from provisions of section 164(2) of the Act. Accordingly we are not required to report whether any directors are disqualified in terms of provisions contained in the said section.
   (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B.
   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note 37 to the financial statements.
      ii. The Kochi unit of the Company has entered into long term supply contract with Gas Authority of India Limited (GAIL) for the supply of Liquefied Natural Gas in the year 2011 for the period of 15 years ending in 2026. Material foreseeable loss on this contract is not quantifiable in current scenario. Other than this, the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company.
3. As Based on the observations of the Comptroller and Auditor General of India, additions/revisions have been carried out. We give in the Annexure C, the statements of the said additions/revisions which has been carried out.

**For M B Agrawal & Co.**
**Chartered Accountants**
**FRN No: 100137W**

**Sd/-**
**Harshal Agrawal**
**Partner**
**Membership No: 109438**

**Place: Mumbai**
**Date: 27th August, 2018**

## Annexure A to the Auditors' Report

**To the Members of Hindustan Organic Chemicals Limited For the year ended 31st March, 2018 (Referred to in paragraph 2 under Report on Other Legal and Regulatory Requirements)**

As required by the directions and sub-directions issued by the Office of the Comptroller and Auditor General of India under Section 143(5) of the Companies Act, 2013, we give below our comments on the matters referred therein

1. Whether the Company has clear title/lease deeds for freehold and leasehold respectively? If not please state the area of freehold & leasehold land for which title/lease deeds are not available?

   **Kochi unit :** Based on the information and explanation given to us we report that the unit has clear title/lease deeds for freehold land. The unit does not have any leasehold land.

   **Rasayani unit:** Based on the information and explanation given to us we report that the unit has clear title/lease deeds for freehold/leasehold land.

2. Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.

   **Kochi unit :** According to the information and explanation given to us, there are no write offs of debts in the company.

   **Rasayani unit :** According to the information and explanation given to us, there are no write offs of debts in the company.

3. Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities?

   **Kochi unit :** The unit does not maintain inventory at third party locations. The unit has not received any gift from Government or other authorities.

   **Rasayani unit :** The unit does not maintain inventory at third party locations. The unit has not received any gift from Government or other authorities.

4. State the area of land under encroachment and briefly explain the steps taken by the Company to remove the encroachment.

5. **Rasayani unit:** As informed to us, in Rasayani unit, land measuring 39.63 acres (approx.) is under encroachment as per the report of the consultant appointed in 2015 and there is public road constructed approximating 10.776 acres. In the financial statements, the land at Rasayani to the extent of 39.63 acres have not been revalued total amounting to ₹ 5548.20 Lakhs.

   The company has during the year, initiated Survey proceedings of land by Government of Maharashtra and the survey of entire land is in progress. The impact in the financial statements on account of the above, if any, would be subject to the final encroachment determined on the completion of the survey.

**For M B Agrawal & Co.**
**Chartered Accountants**
**FRN No: 100137W**

**Sd/-**
**Harshal Agrawal**
**Partner**
**Membership No: 109438**

**Place: Mumbai**
**Date: 27th August, 2018**

## Annexure B to the Auditors' Report

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with my / our audit of the Consolidated Ind AS Financial Statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Hindustan Organic Chemicals Limited ((hereinafter referred to as "the Holding Company") and its subsidiary company as of that date.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the of the Holding company and its subsidiary company are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

According to the information and explanation given to us, the Company has not established its internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether the Company had adequate internal financial controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2018.

**For M B Agrawal & Co.**
**Chartered Accountants**
**FRN No: 100137W**

**Sd/-**
**Harshal Agrawal**
**Partner**
**Membership No: 109438**

**Place: Mumbai**
**Date: 27th August, 2018**

**Annexure – C to Independent Auditors' Report (Revised)**

To the Members of Hindustan Organic Chemicals Limited for the year ended 31st March, 2018

**(Referred to in Paragraph 4 of the Independent Auditors' Report to the Members of even date)**

**Based on the observations of the Comptroller and Auditor General of India, following additions / revisions have been carried out :**

**Additions/Revisions in the Audit report:**

1) Non-applicability of the provisions of section 164(2) of the Companies Act, 2013 being a Government Company. Refer note 3(f) of the Independent Audit Report.
2) Amendments to the sub-directive under section 143(5) regarding the title deeds and other matter pertaining to Rasayani/Kochi Unit. Refer Annexure B of the Independent Audit Report.

**Additions/Revisions in the Accounts:**

| Sl. No. | Note No. | Subject |
|---|---|---|
| a. | 9 | Cash and Cash Equivalents:<br>Deposits with original maturity of less than three months increased by ₹ 12.52 Lakhs. |
| b. | 10 | Other Financial Assets<br>Accrued Interest on Deposit increased by ₹ 1.26 Lakhs. |
| c. | 6b | Other Curent Assets<br>Statutory receivable - Duties and Taxes Increased by ₹ 2.74 Lakhs |
| d. | 12b | Retained Earnings<br>Profit / (Loss)- Loss increased by ₹ 29.15 Lakhs |
| c. | 14b | Trade Payables:<br>Increase in Trade payable by ₹ 11.81 Lakhs |
| d. | 15b | Short Term Provisions<br>Penal Interest on GoI loan additional provided ₹ 26.81 Lakhs |
| e | 19 | Other Liabilities:<br>Increase in liabilities by ₹ 7.05 Lakhs. |
| f | 21 | Other Income<br>Interest Income increase by ₹ 16.52 Lakhs (27.40+1.26-12.14) |
| g | 24 | Employee Benefit Expenses<br>Wage revision arrears ₹ 2207 Lakhs to Employees reclassified from Other Expenses (Prior Year expenses) to Employees Benefit Expenses in 2016-17. |
| h | 27 | Other Expenses<br>Increase in Repairs & Maintenance by 1.33 Lakhs, Admin Expenses by ₹ 17.53 Lakhs and GoI loan Penalty by ₹ 26.81 Lakhs |
| | | **The following additional Notes / modification to Notes given in compliance with provisions of Ind AS.** |
| a. | 3d | Non- Current Assets held for sale, . |
| b. | 13(iv) | GoI loan Penal Interest on interest ₹ 24163 Lakhs not provided. Please refer to para (d) on Emphasis of Matter of our Report. |
| c. | 29c | Employee Benefit Plan on account amendment to Gratuity, Actuarial valuation assumptions. |
| d. | 37 | Related Party disclosure related to Subsidiary Company, Trusts and significant transaction with other Govt. Companies and Key Managerial Personnel. |
| e | 39I | Reconciliation of Equity. |
| f | 39II | Reconciliation of Statement of Profit and Loss |
| g | | Cash flow statement |
| h | 39III | Effect of Ind AS adoption on Cash Flow. |

**For M B Agrawal & Co.**
**Chartered Accountants**
**FRN No: 100137W**

**Sd/-**
**Harshal Agrawal**
**Partner**
**Membership No: 109438**

**Place: Mumbai**
**Date: 27th August, 2018**

## Consolidated Balance Sheet as at 31st March, 2018

(₹ in Lakhs)

| Particulars | Notes | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **1. Non Current assets** | | | | |
| **2. Current assets** | | | | |
| a) Property, Plant and equipment | 3a | 15,214.24 | 168,729.64 | 170,503.95 |
| b) Capital work- in- progress | 3b | - | 436.17 | 442.21 |
| c) Investment Property | 3c | 5.08 | 5.08 | 5.08 |
| d) Intangible assets | 3d | 194.92 | 208.70 | 220.00 |
| e) Financial Assets | | - | - | - |
| (i) Investments | 4 | 5.00 | 5.00 | 5.00 |
| (ii) Loans | 5a | 117.63 | 90.26 | 95.63 |
| f) Other Non-current Assets | 6a | 239.43 | 226.69 | 220.80 |
| Total Non current Assets | | **15,776.30** | **169,701.54** | **171,492.67** |
| **Current assets** | | | | |
| Inventories | 7 | 6,270.32 | 4,928.72 | 3,873.15 |
| Financial assets | | | - | - |
| (i) Trade Receivables | 8 | 809.26 | 899.14 | 870.03 |
| (ii) Cash and cash equivalents | 9 | 10,906.42 | 475.82 | 462.54 |
| (iii) Loans | 5b | 87.31 | 112.12 | 46.66 |
| (iv) Other financial assets | 10 | 367.65 | 120.09 | 209.29 |
| Non current assets held for sale | 3e | 125,710.98 | 1,439.51 | 1,032.22 |
| Other current assets | 6b | 5,927.78 | 3,988.53 | 3,556.46 |
| Total Current Assets | | **150,079.72** | **11,963.93** | **10,050.35** |
| **Total Assets** | | **165,856.02** | **181,665.47** | **181,543.02** |
| **EQUITY AND LIABILITIES** | | | | |
| **1. Equity** | | | | |
| **2. Labilities** | | | | |
| **a) Equity Share capital** | 11a | **6,726.96** | **6,726.96** | **6,726.96** |
| **b) Other equity** | | | | - |
| (i) Securities Premium | 12a | 4,838.56 | 4,984.32 | 5,298.78 |
| (ii) Retained Earnings | 12b | (120,142.43) | (140,035.25) | (114,260.78) |
| (iii) Other comprehensive Income | 12c | 112,632.12 | 140,242.97 | 140,026.08 |
| **Total Other Equity** | | **(2,671.75)** | **5,192.04** | **31,064.08** |
| Total Equity | | **4,055.21** | **11,919.00** | **37,791.04** |
| Non Controlling interest | | **(1,673.02)** | **(1,462.73)** | **(1,186.75)** |
| **Liabilities** | | | | |
| **Non-current liabilities:** | | | | |
| Deferred government grant | 18 | - | 1,801.94 | 1,971.25 |
| Financial liabilities | | - | - | |
| (i) Borrowings | 13a | 24,893.26 | 2,781.00 | 29,355.35 |
| (ii) Trade payables | 14a | 4,291.97 | 2,462.00 | 320.00 |
| Provisions (Long term) | 15a | 2,279.12 | 1,567.89 | 8,512.98 |
| Deferred Tax liabilities | 16 | 19,986.52 | 17,193.27 | 17,550.60 |
| Net employee defined benefit liabilities | 17a | 2,263.97 | 1,654.74 | - |
| Non current liabilities - Total | | **53,714.84** | **27,460.84** | **57,710.18** |
| **Current liabilities:** | | | | |
| Financial liabilities | | | | |
| (i) Non Cumulative Preference Share Capital | 11b | 27,000.00 | 27,000.00 | 27,000.00 |
| (ii) Borrowings | 13c | 258.59 | 4,479.11 | 4,488.21 |
| (iii) Trade payables | 14b | 13,641.79 | 16,936.64 | 14,274.83 |
| (iv) Other current financial liabilities | 13b | 10,217.96 | 27,198.39 | 307.01 |
| Provisions | 15b | 6,620.22 | 13,830.18 | 1,806.06 |
| Net employee defined benefit liabilities | 17b | 139.09 | - | - |
| Other current liabilities | 19 | 51,881.34 | 54,304.04 | 39,352.44 |
| Current Liabilities - Total | | **109,758.99** | **143,748.36** | **87,228.55** |
| Total equity and liabilities | | **165,856.02** | **181,665.47** | **181,543.02** |
| Significant Accounting Policies | 2 | | | |
| Notes to the Standalone Financial Statements | 1-40 | | | |

**For and on behalf of the Board of Directors**

**Sd/-**
**S.B. Bhide**
Chairman & Managing Director

**Sd/-**
**Ms. Pushpa Trivedi**
Director

**Sd/-**
**Mrs. Susheela S. Kulkarni**
Company Secretary

**Sd/-**
**P.O. Luise**
Chief Financial Officer

**Place:** Mumbai
**Date:** 27.08.2018

As per our report of even date
**For M.B. AGRAWAL & CO.**
Chartered Accountants
ICAI FRN 100137W

**Sd/-**
**Harshal Agrawal**
Partner
Membership No.109438

## Consolidated Statement of Profit and Loss for the year ended 31st March, 2018

(₹ in Lakhs)

| Particulars | Note No. | 01.04.2017 to 31.03.2018 | 01.04.2016 to 31.03.2017 |
|---|---|---|---|
| **Revenue from operations:** | | | |
| Sale of products | 20 | 27,918.30 | 17,714.02 |
| Other Income | 21 | 6,602.96 | 611.28 |
| **Total Income** | | **34,521.26** | **18,325.30** |
| **EXPENSES** | | | |
| Cost of materials consumed | 22 | 14,587.76 | 7,678.27 |
| Changes in Inventories of finished goods, Stock in Trade and work in progress | 23 | -815.78 | -1,107.96 |
| Employee benefits expenses | 2 | 18,820.52 | 13,369.66 |
| Finance costs | 25 | 7,694.36 | 9,749.85 |
| Depreciation and amortization expenses | 26a | 577.67 | 899.15 |
| Provision for impairment loss on fixed assets | 26b | 251.03 | 513.31 |
| Other expenses | 27 | 13,424.09 | 13,165.39 |
| **Total expenses** | | **54,539.65** | **44,267.67** |
| Profit / (Loss) before exceptional items and tax | | -20,018.39 | -25,942.37 |
| Less: Exceptional items | | 0.00 | 0.00 |
| Profit / (Loss) before tax | | -20,018.39 | -25,942.37 |
| (1) Current tax | | 0.00 | 0.00 |
| (2) Deferred tax | | 0.00 | 0.00 |
| **Tax expenses:** | | 0.00 | 0.00 |
| **Profit / (Loss) for the period** | | **-20,018.39** | **-25,942.37** |
| **Other Comprehensive Income:** | | | |
| (i) Items that will not be reclassified to profit or loss | | 0.00 | 0.00 |
| a) Revaluation of Plant , property & equipments | 12c | 12,478.07 | 0.00 |
| Less :- Deferred Tax assets | 12c | -2,793.25 | 357.33 |
| b) Changes in defined benefit plan | 12c | 623.10 | -103.99 |
| Re-measurement of the defined benefit plans | 12c | -155.34 | -144.89 |
| Other Comprehensive Income for the year, net of tax | | **10,152.58** | **108.45** |
| **Total Comprehensive Income for the year** | | **-9,865.81** | **-25,833.92** |
| **Net profit attributable to** | | | |
| a) Owners of the Company | | -19,984.68 | -25,774.86 |
| b) Non controlling interest | | -33.71 | -167.51 |
| **Other Comprehensive income attributable to** | | | |
| a) Owners of the Company | | 10,329.11 | 216.86 |
| b) Non controlling interest | | -176.53 | -108.41 |
| **Total Comprehensive income attributable to** | | | |
| a) Owners of the Company | | -9,655.57 | -25,558.00 |
| b) Non controlling interest | | -210.24 | -275.92 |
| Earnings per equity share (in Rupees) | | | |
| Basic (Face value of ₹ 10 each ) | | -29.80 | -38.62 |
| Diluted (Face value of ₹ 10 each) | | -29.80 | -38.62 |
| Significant Accounting Policies | 2 | | |
| Notes to the Standalone Financial Statements | 1-40 | | |

**For and on behalf of the Board of Directors**

**Sd/-**
**S.B. Bhide**
Chairman & Managing Director

**Sd/-**
**Ms. Pushpa Trivedi**
Director

**Sd/-**
**Mrs. Susheela S. Kulkarni**
Company Secretary

**Sd/-**
**P.O. Luise**
Chief Financial Officer

**Place:** Mumbai
**Date:** 27.08.2018

As per our report of even date
**For M.B. AGRAWAL & CO.**
Chartered Accountants
ICAI FRN 100137W

**Sd/-**
**Harshal Agrawal**
Partner
Membership No.109438

## Statement of Changes in Equity for the year ended 31st March, 2018

(₹ in Lakhs)

**A. Equity Share Capital**

| Description | Equity shares of INR 10 each | |
|---|---|---|
| | Nos. | ₹ In Lakhs |
| Issued, subscribed and fully paid | | |
| At 1st April 2016 | 67173100 | 6726.96 |
| Changes during the period | - | - |
| At 31 March 2017 | 67173100 | 6726.96 |
| Changes during the period | - | - |
| At 31st March 2018 | 67173100 | 6726.96 |
| *Note. Shares forfeited amount is ₹ 9.65 Lakhs* | | |

**B. Statement of Changes in Other Equity for the year ended 31st March , 2018**

(₹ in Lakhs)

| Description | Other Comprehensive Income | Securities Premium | Retained earnings |
|---|---|---|---|
| As at 1st April 2016 | 140,026.08 | 5,298.78 | (114,260.78) |
| Profit for the period | (140.44) | | (25,774.46) |
| Securities premium utilised against Bond | - | (314.46) | |
| Deferred Tax Liabilities | 357.33 | | |
| As at 31st March 2017 | 140,242.97 | 4,984.32 | (140,035.25) |
| Profit for the period | (228.69) | | (18,047.18) |
| Profit on sale of Land | | | 37,940.00 |
| Reserve transferred to Retained earning | (37,940.00) | | |
| Securities premium utilised against Bond | | (145.75) | |
| Other comprehensive income | 13,351.09 | | |
| Other comprehensive income- Deferred Tax Liabilities | (2,793.25) | | |
| As at 31st March 2018 | 112,632.12 | 4,838.57 | (120,142.43) |

**For and on behalf of the Board of Directors**

**Sd/-**
**S.B. Bhide**
Chairman & Managing Director

**Sd/-**
**Ms. Pushpa Trivedi**
Director

**Sd/-**
**Mrs. Susheela S. Kulkarni**
Company Secretary

**Sd/-**
**P.O. Luise**
Chief Financial Officer

**Place:** Mumbai
**Date:** 27.08.2018

As per our report of even date
**For M.B. AGRAWAL & CO.**
Chartered Accountants
ICAI FRN 100137W

**Sd/-**
**Harshal Agrawal**
Partner
Membership No.109438

## Consolidated Cash Flow Statement for the year ended 31st March, 2018

(₹ in Lakhs)

| | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|
| **CASH FLOW FROM OPERATING ACTIVITIES:** | | |
| **Total Comprehensive Income** | (9,865.81) | (25,833.92) |
| Adjustments for : | | |
| Depreciation & Amortization | 828.70 | 1,412.46 |
| Interest Income | (151.45) | (11.95) |
| Interest Expense | 7,694.36 | 9,749.85 |
| Stock obsolescence | - | 102.39 |
| Profit on Sale of Assets | (3,013.26) | (1.63) |
| Govt. Grand transferred to Income | - | (169.32) |
| Excess provision written back | (2,206.23) | - |
| Effect of measurement of Financial Instruments at amortised cost | (10,152.58) | (108.45) |
| **Operating Cash Flows before Working Capital changes (A)** | **(16,866.27)** | **(14,860.57)** |
| Adjustments for | | |
| (Increase)/Decrease in Inventories | (1,341.60) | (1,157.96) |
| (Increase)/Decrease in Trade receivables | 89.88 | (29.11) |
| (Increase)/Decrease in Other Financial Assets | (247.56) | 89.20 |
| (Increase)/Decrease in Loans | (2.56) | (60.09) |
| (Increase)/Decrease in Other Current Assets | (1,939.25) | (432.07) |
| (Increase)/Decrease in Other Non Current Assets | (12.74) | (5.89) |
| Increase/(Decrease) in Trade Payables | (1,464.88) | 4,803.81 |
| Increase/(Decrease) in Other Financial Liabilities | (8,960.86) | 113.30 |
| Increase/(Decrease) in Deferred Tax Liabilities | 2,793.25 | (357.33) |
| Increase/(Decrease) in Deferred Govt grant | (1,801.94) | (169.31) |
| Increase/(Decrease) in Other Current Liabilities & Provisions | (8,171.31) | 18,012.37 |
| **Cash Generated from Operations (Working Capital Changes) (B)** | **(21,059.57)** | **20,806.92** |
| **Net Cash flow from Operating activities (1) (A+B)** | **(37,925.84)** | **5,946.35** |
| **CASH FLOW FROM INVESTING ACTIVITIES :** | | |
| Changes in Fixed Assets | (31.73) | (43.40) |
| Interest Income | 151.45 | 11.95 |
| Sale of Fixed Assets | 34,166.45 | 12.62 |
| **Net Cash flow from / (used in) Investing activities** | **34,286.17** | **(18.83)** |
| **CASH FLOW FROM FINANCING ACTIVITIES:** | | |
| Increase/Decrease in Secured Loans (Net of Repayments) | - | (20.19) |
| Increase/Decrease in Unsecured Loans (Net of Repayments) | 34,872.17 | 1,958.16 |
| Debenture repayment | (25,000.00) | |
| Bond Issue expenses | 145.75 | 314.46 |
| Effect of measurement of Financial Instruments at amortised cost | 10,402.50 | (108.45) |
| Interest Paid | (6,350.15) | (8,058.22) |
| **Net cash used in financing activities** | **14,070.27** | **(5,914.24)** |
| Net Increase Decrease in Cash and Cash Equivalents | 10,430.60 | 13.28 |
| Cash & cash equivalents at the beginning of the period | 475.82 | 462.54 |
| **Cash & cash equivalents at the end of the period** | **10,906.42** | **475.82** |

*Previous year figures have been regrouped / reclassified wherever necessary to conform to current year's classification.*

**For and on behalf of the Board of Directors**

**Sd/-**
**S.B. Bhide**
Chairman & Managing Director

**Sd/-**
**Ms. Pushpa Trivedi**
Director

**Sd/-**
**Mrs. Susheela S. Kulkarni**
Company Secretary

**Sd/-**
**P.O. Luise**
Chief Financial Officer

**Place:** Mumbai
**Date:** 27.08.2018

As per our report of even date
**For M.B. AGRAWAL & CO.**
Chartered Accountants
ICAI FRN 100137W

**Sd/-**
**Harshal Agrawal**
Partner
Membership No.109438

**Notes to the Consolidated financial statements for the Period ended 31st March, 2018**

**1. Corporate Information**

Hindustan Organic Chemicals Limited (the company) is a public limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on Bombay Stock Exchange (BSE) in India. The registered office of the company is located at Rasayani, Raigad Dist. Maharashtra. The Company is principally engaged in the business of bulk industrial chemicals and chemical intermediates.

**2. Significant Accounting Policies**

**2.1 Basis of Preparation of Financial Statement**

“These financial statements are prepared in accordance with Indian Accounting Standards (IND AS) under the historical cost convention on the accrual basis except for certain financial instruments and land which are measured at fair values, the provisions of the Companies Act, 2013 (‘Act’) (to the extent notified). The IND AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Company has adopted IND AS standards and the adoption was carried out in accordance with IND AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition have been summarized in note to accounts.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The separate financial statements have been prepared on accrual basis and under historical cost basis, except for the following assets and liabilities which have been measured at fair value:

**Derivative financial Instrument**

Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),The financial statements are presented in Indian Rupee (‘INR’) or (‘₹’) which is also the Company’s functional currency and all values are rounded to the nearest Lakhs upto two decimals, except when otherwise indicated. Wherever the amount represented ₹ ‘0’ (zero) construes value less than Rupees a lakh.

**Significant accounting estimates, assumptions and judgements**

The preparation of the Company’s separate financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Estimates and assumptions**

“The preparation of the financial statements in conformity with IND AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed at appropriate places.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

**Taxes**

Tax expense (Income Tax and Deferred Tax) in accordance with Ind-AS 12: Accounting for Taxes on Income has been recognised .There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions in the period in which the tax determination is made. The deferred tax asset is recognized and carried forward only to the extent that there is a virtual certainty that the assets will be realized in future.

**Employee benefits**

i. Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees’ services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

ii. Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

iii. Post-employment obligations

“The Company operates the following post-employment schemes:

(a) Defined benefit plans such as gratuity, pension, post-employment medical plans; and

(b) Defined contribution plans such as provident fund.

iv. Defined benefit plans

The Company’s gratuity scheme is a defined benefit plan. A defined benefit plan is a post employment benefit plan. The Company’s net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefits that employee have earned in return for their services in the current and prior periods.

v. Defined contribution plans

The company’s provident fund scheme is a defined contribution plan. A defined contribution plan is a post employment benefit plan under which an entity pays fixed contributions and will have no obligation to pay further amounts. Obligation for contributions to defined contribution plans are recognised as employees benefit expenses in the statement of Profit and Loss when they are due.

i. Gratuity

Gratuity is a post employment defined benefit plan. The liability recognised in the Balance Sheet in respect of gratuity is the present value of the defined benefit obligation at the Balance Sheet date. The Company’s liability is actuarially determined at the end of each year. Actuarial gains/ losses through re-measurement are recognised in other comprehensive income.

**Pension and gratuity obligations**

The liability or asset recognised in the balance sheet in respect of defined benefit pension and gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries using the projected unit credit method.

The present value of the defined benefit obligation denominated in INR is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation. The benefits which are denominated in currency other than INR, the cash flows are discounted using market yields determined by reference to high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income.

They are included in retained earnings in the statement of changes in equity and in the balance sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

a) Defined benefit plans (gratuity benefits), liability in respect of defined benefit plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date less the fair value of the planned assets. The present value of the defined benefit obligation is based on expected future payments which arise from the fund at the reporting date, calculated annually by independent actuaries. Consideration is given to expected future salary levels and period of service etc.

b) Company's contribution to provident fund is accounted for on accrual basis.

c) Temporary employee benefits are recognized as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

d) Bonus is provided in accordance with provisions of Payment of bonus act,1965 on the basis of profitability.

e) Post employment and other long term employee benefits are recognised as an expense in the statement of profit and loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amount payable determined using actuarial valuation technique. Actuarial gain and loss in respect of post employment and other long term benefits are charged to statement of profit and loss.

**Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured on the basis of quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observation of the market where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**Provision against obsolete and slow-moving inventories**

The Company reviews the condition of its inventories and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use, on the basis of technical assessment. The Company carries out an inventory review at each balance sheet date and makes provision against obsolete and slow-moving items. The Company reassesses the estimation on each balance sheet date.

**Impairment of financial assets**

Provision for doubtful debts / Loans / Advances is made in the Books in respect of Sundry Debtors outstanding for more than 3 years except for in respect of receivable from Government Departments / Companies. In respect of other Debtors, Loans and Advances, provisions are made to the extent considered as not recoverable by the management.

**Impairment of non- financial assets**

"The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less cost of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset should be considered as impaired and it is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre- tax discount rate that reflects current market assessment of the time value of money and the risk specific to the asset. In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share price for publicly traded subsidiaries or other available fair value indicators."

**2.2 Summary of significant accounting policies**

**a) Current versus Non-Current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

**All other assets are classified as non-current.**

Trade receivables which are expected to be realised within 12 months from the reporting date shall be classified as current. Outstanding more than 12 months shall be shown as noncurrent only unless efforts for its recovery have been made and it is likely that payment shall be received within 12 months from the reporting date. A Judicious decision shall be taken by units in this regard.

liability is current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period payable shall be classified as Trade Payable if it is in respect of the amount due on account of goods purchased or services received in the normal course of business.

Trade payables which are expected to be settled within 12 months from the reporting date shall be shown as current.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**b) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

**Revenue is stated exclusive of GST**

The specific recognition criteria described below must also be met before revenue is recognised.

**Sale of goods**

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts, volume rebates and cash discounts.

**Rendering of services**

Income from services are recognized as and when the services are rendered.

**Interest income**

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

**c) Property, Plant and Equipment**

Items of Property, plant and equipment including Capital-work in-progress are stated at cost (except land valued at fair value), net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in statement of profit or loss as an when incurred. In respect of additions to /deletions from the Fixed Assets, depreciation is provided on pro-rata basis with reference to the month of addition/deletion of the Assets.

The company, based on technical assessment made by technical expert and management estimate, depreciates certain items of plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Items of fixed assets that have been retired from active use and are held for disposal are valued at lower of their net book value or net realisable value.

**d) Non-Current assets held for sale**

Non-current assets or disposal groups classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets or disposal groups are classified as held for sale if their carrying amounts will be recovered principally through sale transactions rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification as held for sale, and actions required to complete the plan of sale should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Property, Plant and Equipment and intangible assets are not depreciated or amortized once classified as held for sale.

**Estimated useful life's of the assets are as follows:**

| Nature of tangible Assets | Useful Life (years) |
|---|---|
| Building | : 30 & 60 |
| Plant & Machinery | : 20 |
| Equipment's | : 10 to 15 |
| Furniture & Fixures | : 10 |
| Vehicle | : 8 & 10 |
| Office Equipments | : 5 |
| Computer and Laptop | : 3 to 8 |

Intangible assets: Amortisation over a period of 5 years.

Leasehold improvements over the period of lease

**Leasehold Land:**

Lease premium paid on leasehold land is amortised over the life of the lease. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

**e) Intangible assets**

i) Intangible assets consisting of computer software and SAP licence cost are amortised over a period of 5 years on straight line basis (SLM) from the date of acquisition.

ii) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets with definite life are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred. The amortisation period and the amortisation method for an intangible asset with a definite useful life are reviewed at least at the end of each reporting period.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised. Research costs are expensed as an when incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate technical and commercial feasibility of making the asset available for use or sale.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

**f) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**g) Foreign Currency Transactions and balances**

Transactions in foreign currency are recorded applying the exchange rate at the date of transaction. Monetary assets and Transactions in foreign currency are recorded applying the exchange rate at the date of transaction. Monetary assets and liabilities denominated in foreign currency remaining unsettled at the end of the year, are translated at the closing rate prevailing on the Balance Sheet date. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction. Exchange differences arising as a result of the above are recognized as income or expenses in the statement of profit and loss. Exchange difference arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise. Foreign exchange difference on foreign currency borrowings, loans given, settlement gain/loss and fair value gain/loss on derivative contract relating to borrowings are accounted and disclosed under finance cost. Such exchange difference does not include foreign exchange difference regarded as an adjustment to the borrowings cost and capitalised with cost of assets

**h) Fair value measurement**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date on a portfolio basis. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

**i) Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 April 2015, the company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

**Company as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

**Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**j) Inventories**

(i) Stores and spares, packing materials and raw materials are valued at lower of cost or net realisable value and for this purpose, cost is determined on moving weighted average basis. However, the aforesaid items are not valued below cost if the finished products in which they are to be incorporated are expected to be sold at or above cost.

(ii) Semi-finished products, finished products and by-products are valued at lower of cost or net realisable value and for this purpose, cost is determined on standard cost basis which approximates the actual cost. Cost of finished goods includes excise duty, as applicable. Variances, exclusive of abnormally low volume and operating performance, are adjusted to inventory.

(iii) Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

**k) Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

**l) Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Provisions are reviewed at each balance sheet and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed in respect of possible obligations that have risen from past events and the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the enterprise, or is a present obligation that arises from past events but is not recognised because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a reliable estimate of the amount of the obligation cannot be made.

**m) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

**Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

**Debt instruments at amortised cost**

A 'debt instrument' is measured at its amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss.

**Debt instrument at FVTOCI**

A 'debt instrument' is classified at FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Profit and Loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

**Debt instrument at FVTPL**

F VTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as FVTPL. In addition, the company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The company has designated certain debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

**Equity investments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit and loss.

**De-recognition**

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

the rights to receive Cash flows from the asset have expired, or

the company has transferred its rights to receive Cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either(a) the company has transferred substantially all the risks and rewards of the asset, or

(b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

**Impairment of financial assets**

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
b) Financial assets that are debt instruments and are measured as at FVTOCI
c) Lease receivables under Ind AS 17
d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18 (referred to as 'contractual revenue receivables' in these financial statements)
e) Financial guarantee contracts which are not measured as at FVTPL

The company follows 'simplified approach' for recognition of impairment loss allowance on:

Trade receivables and Other receivables

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss.

However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

All contractual terms of the financial Instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.

Cash flows from the sale of collateral Held or Other credit enhancements that are integral to the contractual terms. financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the company does not reduce impairment allowance from the gross carrying amount.

**n) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

**Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

**Loans and borrowings**

This is the category most relevant to the company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

**Financial guarantee contracts**

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

**De-recognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the standalone balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**o) Derivative financial instruments**

Initial recognition and subsequent measurement, The Company uses derivative financial instruments, such as forward currency contracts, full currency swaps and interest rate swaps contracts to hedge its foreign currency risks and interest rate risks respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

**p) Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**q) Cash dividend**

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

**r) Taxes**

**Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities in accordance with the Income-tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, except: When the deferred tax liability arises from the initial recognition of Goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in the temporary differences will not reverse in the foreseeable future Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except: When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

**s) Minimum Alternate Tax (MAT)**

Minimum Alternate Tax (MAT) paid as per Indian Income Tax Act, 1961 is in the nature of unused tax credit which can be carried forward and utilised when the Company will pay normal income tax during the specified period. Deferred tax assets on such tax credit is recognised to the extent that it is probable that the unused tax credit can be utilised in the specified future period. The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

**t) Government grants**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related assets.

**Export Benefits:**

Duty free imports of raw materials under Advance License for imports as per the Import and Export Policy are matched with the exports made against the said licenses and the net benefit/obligation has been accounted by making suitable adjustments in raw material consumption.

The benefit accrued under the Duty Drawback, Merchandise Export Incentive Scheme and other schemes as per the Import and Export Policy in respect of exports made under the said schemes is included as 'Export Incentives' under the head 'Other operating revenue'.

**u) Earnings Per Share:**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

**v) Contingent Liability and Contingent assets**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non—occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. A contingent assets is not recognised unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of economic benefits is probable, contingent assets are disclosed in the financial statements. Contingent liabilities and contingent assets are reviewed at each balance sheet date.

**w) Share-Based Payments:**

Measurement and disclosure of the employee share based payment plans is done in accordance with Ind AS 102, Share-Based Payment. The Company measures compensation cost relating to employee stock options using the fair value method. Compensation expense is amortised over the vesting period of the option on a straight line basis. Standards issued but not yet effective in March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments)Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment'. The amendments are applicable to the Company from April 1, 2017.

**First-time adoption of IND-AS**

These standalone financial statements for the year ended March 31, 2018 have been prepared in accordance with IND AS. For the purposes of transition to IND AS, the Company has followed the guidance prescribed in IND AS 101 - First Time adoption of Indian Accounting Standard, with April 1st, 2016 as the transition date and IGAAP as the previous GAAP.

The transition to IND AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 2 have been applied in preparing the standalone financial statements for the year ended March 31, 2018 and the comparative information. An explanation of how the transition from previous GAAP to IND AS has affected the Company's Balance Sheet, Statement of Profit and Loss, is explained by way of reconciliation between previous GAAP and Ind AS.

**Exemptions availed on first time adoption**

a) Deemed Cost: - Ind AS 101 provides an option under Ind AS 16 Property, Plant and Equipment, to continue with the carrying value of all its property, plant and equipment as recognised in financial statements as on transition date, measured as per the previous GAAP and use that as its deemed cost after making necessary adjustments for de-commissioning liabilities instead of measuring at fair value on the transition date except Land .On land We have applied Fair value Measurement.

Reconciliations between previous GAAP and Ind AS

The following reconciliations provide the effect of transition to Ind AS from previous GAAP in accordance with Ind AS 101

a) Equity as at 1st April, 2016 and as at 31st March, 2017

b) Net Profit for the year ended 31st March, 2017

**Amendment to Ind AS 7:**

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and noncash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

**Amendment to Ind AS 102:**

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash settled awards and awards that include a net settlement feature in respect of withholding taxes. The Company is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated.

**NOTE 3 - FIXED ASSETS**

(₹ In Lakhs)

| Sl. No. Item | Description | GROSS BLOCK | | | | | DEPRECIATION / AMORTISATION / IMPAIRMENT | | | | | NET BLOCK | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | As at 01.04.2017 | Additions | Deletions | Adjustments | As at 31.03.2018 | Up to 01.04.2017 | Deletions | Adjustments | Provided during the year | Up to 31.03.2018 | As on 31.03.2018 | As on 31.03.2017 | As on 01.04.2016 |
| a. | **Property, Plant and equipment** | | | | | | | | | | | | | |
| 1a | Land and Land Development | 159986.67 | 11936.66 | 37940.00 | -123477.25 | 10506.08 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 10506.08 | 159986.67 | 159986.67 |
| 1b | Leasehold Land | 336.93 | 1038.22 | 0.00 | -1375.15 | 0.00 | 59.86 | 0.00 | -59.86 | 0.00 | 0.00 | 0.00 | 277.07 | 282.36 |
| 2. | Buildings | 3848.18 | 0.00 | 791.68 | -1330.76 | 1725.74 | 2520.01 | 621.46 | -942.08 | 54.82 | 1011.29 | 714.45 | 1328.16 | 1465.41 |
| 3. | Plant and Equipment | 44393.85 | 36.81 | 6870.99 | -5311.16 | 32248.51 | 37455.11 | 4610.45 | -5023.64 | 495.92 | 28316.94 | 3931.57 | 6938.74 | 8455.37 |
| 4 | Furniture, Fixtures and Equipments | 2072.57 | 0.60 | 4.54 | -1877.80 | 190.83 | 1934.90 | 3.36 | -1766.68 | 11.89 | 176.75 | 14.08 | 137.67 | 165.91 |
| 5. | Vehicles | 153.36 | 0.00 | 0.00 | -37.11 | 116.25 | 133.96 | 0.00 | -26.24 | 1.50 | 109.22 | 7.03 | 19.40 | 32.91 |
| 6. | Office Equipment | 738.59 | 7.27 | 0.10 | -49.83 | 695.93 | 701.68 | 0.22 | -47.33 | 0.81 | 654.94 | 40.99 | 36.91 | 110.30 |
| 7. | Library Books | 77.45 | 0.00 | 63.98 | 0.00 | 13.47 | 74.22 | 60.79 | 0.00 | 0.00 | 13.43 | 0.04 | 3.24 | 3.24 |
| 8. | Railway Sidings | 35.53 | 0.00 | 0.00 | -35.53 | 0.00 | 33.76 | 0.00 | -33.76 | 0.00 | 0.00 | 0.00 | 1.78 | 1.78 |
| | Sub-total | 211643.13 | 13019.56 | 45671.29 | -133494.59 | 45496.81 | 42913.50 | 5296.28 | -7899.59 | 564.94 | 30282.57 | **15214.24** | **168729.64** | **170503.95** |
| 9. | Assets held for disposal | 19727.02 | 0.00 | 19727.02 | 133499.91 | 133499.91 | 18287.51 | 18287.51 | 7882.28 | 0.00 | 7882.28 | 125617.63 | 1439.51 | 1032.22 |
| | **Total** | **231370.15** | **13019.56** | **65398.31** | **5.32** | **178996.72** | **61201.01** | **23583.79** | **-17.31** | **564.94** | **38164.85** | **140831.87** | **170169.15** | **171536.17** |
| b) | **Capital work- in-progress** | 2984.56 | 0.00 | -5.65 | 0.00 | 2978.91 | 2634.54 | 0.00 | 0.00 | 251.02 | 2885.56 | 93.35 | 436.17 | 442.21 |
| c) | **Investment property Land** | 5.08 | 0.00 | 0.00 | 0.00 | 5.08 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 5.08 | 5.08 | 5.08 |
| d) | **Intangible assets - Computer software** | 639.01 | 0.00 | 0.00 | -5.32 | 633.69 | 430.32 | 0.00 | -4.28 | 12.73 | 438.77 | 194.92 | 208.70 | 220.00 |
| | G. Total | **234998.80** | **13019.56** | **65392.66** | **0.00** | **182614.40** | **64265.87** | **23583.79** | **-21.59** | **828.69** | **41489.18** | **141125.22** | **170819.10** | **172203.46** |

1. In the books of Holding Company and Subsidiary company, the land is revalued as per Ind AS and for other assets it is only optional for Ind AS valuation method of adoption and the Company has adopted the cost method.
2. Kochi of Holding company had given 1.03 acre of land to M/s. Sterling Gas Limited as operating lease under cancellable lease agreement. Investment properties are distinguished from owner occupied property based on area covered under leave agreement.

Fair value As at 31.03.2018

Investment property ₹ 61.60 Lakhs

Estimation of fair value: The fair value of investment property has been determined by an external independent property valuer having professional qualification. The current prices in the active market for similar properties has been used to determine fair value of investment property.

## e) Non current assets held for sale

(₹ In Lakhs)

| Description of the Non-Current Assets | Facts and Circumstances of the sale | Manner of disposal | Timing of disposal | NET BLOCK | | |
|---|---|---|---|---|---|---|
| | | | | As on 31.03.2018 | As on 31.03.2017 | As on 01.04.2016 |
| Land | Closure of Rasayani unit and disposal of assets. | Direct sale of 191 acres of land to BPCL and balance through NBCC. | Within 12 months | 124792.54 | 0 | 0 |
| Buildings | | E-auction through MSTC | -do- | 395.91 | 0 | 0 |
| Plant and Equipment | | -do- | -do- | 302.77 | 1439.51 | 1032.22 |
| Furniture, Fixtures and Equipments | | -do- | -do- | 111.14 | 0 | 0 |
| Vehicles | | -do- | -do- | 10.87 | 0 | 0 |
| Office Equipment | | -do- | -do- | 2.63 | 0 | 0 |
| Railway Sidings | | -do- | -do- | 1.77 | 0 | 0 |
| Capital WIP | | Handing over to JNPT | -do- | 93.35 | 0 | 0 |
| **Total** | | | | **125710.98** | **1439.51** | **1032.22** |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

| Description | | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|---|
| Financial Assets | | | | |
| **4.** | **Investments** | | | |
| | **Non current** | | | |
| | Investments in Equity instruments in Joint Venture | | | |
| | Subsidiary - Unquoted: | | | |
| | 30050 (previous year 30000) Equity Shares of ₹ 10 each fully paid in HOC-Chematur Ltd., | 3.00 | 3.00 | 3.00 |
| | Less :- Allowances | 3.00 | 3.00 | 3.00 |
| | | - | - | - |
| | Investment in Unquoted Equity Shares of Kerala Enviro Infrastucture Ltd | | | |
| | (50000 Unquoted Equity Shares @ ₹ 10/-) | 5.00 | 5.00 | 5.00 |
| | Less :- Provision for diminution of investment | 0.00 | 0.00 | 0.00 |
| | | **5.00** | **5.00** | **5.00** |
| | **Total Non-Current Investments** | **5.00** | **5.00** | **5.00** |
| | **Aggregate amount of quoted investments** | 0.00 | 0.00 | 0.00 |
| | Aggregate amount of unquoted investments | 5.00 | 5.00 | 5.00 |
| | **Total Non-Current Investments** | **5.00** | **5.00** | **5.00** |
| **5.** | **Loans** | | | |
| **5a.** | **Non-current** | | | |
| (A) | Security Deposit | | | |
| a. | Unsecured, Considered good | 115.92 | 87.41 | 89.98 |
| b. | Doubtful | 3.06 | 3.06 | 3.06 |
| | Less: Allowance for doubtul security deposit | -3.06 | -3.06 | -3.06 |
| | | **115.92** | **87.41** | **89.98** |
| **(B)** | **Loans and Advances to related parties** | | | |
| a. | Secured, Considered good | 0.00 | 0.00 | 0.00 |
| **(C)** | **Sundry loans** | | | |
| | Loans to employees | | | |
| a. | Unsecured, Considered good | 1.71 | 2.85 | 5.65 |
| | **Total loans** | **117.63** | **90.26** | **95.63** |
| **5b.** | **Loans (Current)** | | | |
| **A)** | **Secured** | 0.00 | 0.00 | 0.00 |
| **(B)** | **Loans to employees** | | | |
| a. | Unsecured, Considered good | 87.31 | 112.12 | 46.66 |
| **(C)** | **Sundry loans** | | | |
| | Doubtful | 171.08 | 171.08 | 171.08 |
| | Less: Allowance for doubtul sundry loans | 171.08 | 171.08 | 171.08 |
| | | **0.00** | **0.00** | **0.00** |
| | **Total loans** | **87.31** | **112.12** | **46.66** |
| | Loans and receivables are non-derivative financial assets which generate a fixed or variable interest income for the Holding Company. | | | |
| **6a.** | **Other Non-Current Assets** | | | |
| (i) | Deposits with customs, KSEB & BSNL | 131.45 | 131.38 | 131.33 |
| | Sub-total | **131.45** | **131.38** | **131.33** |
| ii) | Deposits (Other bank balances) | 107.98 | 95.31 | 89.47 |
| | **Total** | **239.43** | **226.69** | **220.80** |
| **6b.** | **Other Current Assets ₹ in Lakhs** | | | |
| (i) | Deposits with the Collectorate of Central Excise and Customs | 321.65 | 762.54 | 726.50 |
| | Less : Allowances | 2.90 | 2.90 | 2.90 |
| | Sub-total | **318.75** | **759.64** | **723.60** |

(₹ in Lakhs)

| Description | | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|---|
| (ii) | Statutory receivables - Duties & Taxes | 3038.94 | 2936.30 | 2572.13 |
| | TDS Receivable (Land sale) | 351.40 | 0.00 | 0.00 |
| | Sub-total | 3390.34 | 2936.30 | 2572.13 |
| | Less :- Allowances | 471.23 | 471.23 | 471.23 |
| | Sub-total | **2919.11** | **2465.07** | **2100.90** |
| (iii) | Advances to suppliers | | | |
| | - Considered good | 154.66 | 441.24 | 374.99 |
| | - Considered doubtful | 0.91 | 0.91 | 0.91 |
| | Less: Allowances for doubtful | -0.91 | -0.91 | -0.91 |
| | Sub-total | **154.66** | **441.24** | **374.99** |
| (iv) | Deposits | 2.35 | 3.35 | 2.35 |
| | Less: Allowances for doubtful | 1.80 | 1.80 | 1.80 |
| | Sub-total | **0.55** | **1.55** | **0.55** |
| (v) | Consideration of sale of Fixed Assets receivable | 2295.87 | 0.00 | 0.00 |
| (vi) | Statutory receivables | 85.44 | 112.98 | 173.91 |
| (vii) | Prepaid Expenses | 34.57 | 45.30 | 33.08 |
| (viii) | Other Advances Recoverable | 43.85 | 68.60 | 40.03 |
| (ix) | Accrued income on Employee Advances | 53.32 | 75.70 | 97.60 |
| (x) | Accrued income on Deposits | 21.66 | 18.45 | 9.96 |
| (xi) | Claim Receivable from Employees | 0.00 | 0.00 | 1.84 |
| | **Total** | **5927.78** | **3988.53** | **3556.46** |
| | **Total (Non-Current + Current)** | **6167.21** | **4215.22** | **3777.26** |
| **7.** | **Inventories** | | | |
| a. | Raw materials and components | 1002.28 | 347.91 | 355.62 |
| | Less: Allowances for obsolesence | 0.00 | 0.00 | -26.31 |
| | | **1002.28** | **347.91** | **329.31** |
| b. | Work in progress | 1044.79 | 1066.05 | 783.80 |
| c. | Finished goods | 2064.61 | 1376.48 | 467.26 |
| d. | Traded goods | 0.00 | 0.00 | 0.00 |
| e. | Store and spares | 2525.50 | 2946.87 | 2972.67 |
| | Less; Allowances for obsolesence | -366.86 | -808.59 | -679.89 |
| | | **2158.64** | **2138.28** | **2292.78** |
| | **Total** | **6270.32** | **4928.72** | **3873.15** |

Excise duty provided in the books of Holding Company on goods manufactured but not removed ₹ Nil (previous year ₹ 117.43 Lakhs).

Stores and Spares of Holding Company include items not moved for more than five years ₹ Nil (previous year ₹ 1052.41 Lakhs) and obsolete items of ₹ Nil (previous year ₹ 94.80 Lakhs). The Stores and spares valuing ₹ 406.38 Lakhs is transferred to ISRO and balance stores valuing ₹ 115.55 has been disposed off through MSTC Ltd in May 2018.

| | | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|---|
| **8.** | **Trade receivables** | | | |
| | **Current** | | | |
| | Secured | 0.00 | 0.87 | 376.40 |
| | Unsecured, Considered good | 809.26 | 898.27 | 560.22 |
| | Doubtful | 2524.70 | 2524.66 | 2522.88 |
| | Less: Allowance for doubtful trade receivable | -2524.70 | -2524.66 | -2522.88 |
| | Less: Bills Receivables discounted | 0.00 | 0.00 | -66.59 |
| | **Total trade receivables** | **809.26** | **899.14** | **870.03** |
| | Balance standing to the debit/credit of parties is subject to confirmation by them and reviews by the Company. | | | |
| **9.** | **Cash and cash equivalents** | | | |
| | **Current** | | | |
| | Balances with banks (of the nature of cash and cash equivalents): | | | |
| | Current accounts | 4215.16 | 218.52 | 62.23 |
| | Saving Account (Refer Note i) | 130.77 | 125.67 | 119.58 |
| | Deposits with original maturity of less than three months (Note ii) | 6557.97 | 126.92 | 268.06 |
| | Margin money deposit on BG (Refer Note iii) | 1.62 | 1.51 | 1.40 |
| | Cash on Hand | 0.90 | 3.20 | 11.27 |
| | | **10906.42** | **475.82** | **462.54** |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

| Description | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|

Note i : The balance in Saving account of the Holding Company is earmarked for the rental dues of Harchandrai House as per the direction of Small Causes Court, Mumbai.

ii) In the books of Subsidiary company, Margin money deposits are subject to first charge/ lien to secure the company's cash credit loan and term loan with a maturity period of upto 12 months.

iii) As per restructuring plan of Holding company, 442 acre land at Rasayani is being sold to Bharat Petroleum Corporation Limited (BPCL) for ₹ 618.80 crore. The company has registered sale of 251 acre of land in favour of BPCL and received ₹ 351.40 crore which is credited to the current account with State Bank of India, CAG Branch Mumbai. Pending utilsation of the amount as on 31.03.2018, the balance unutilised amount is kept in short term fixed deposit with SBI.

| Description | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|
| **10. Other Financial Assets** | | | |
| **Current** | | | |
| **(A) Interest receivable** | | | |
| a. Unsecured, Considered good | | | |
| Accrued Interest on Employees Advances | 25.32 | 31.28 | 51.65 |
| Accrued Interest on Deposits | 12.36 | 18.87 | 13.62 |
| | **37.68** | **50.15** | **65.27** |
| Accrued Income from Township | 26.53 | 70.31 | 69.43 |
| Less : Allowances | 7.25 | 7.25 | 7.25 |
| | **19.28** | **63.06** | **62.18** |
| **Total** | **56.96** | **113.21** | **127.45** |
| **(B) Interest Receivables from related parties** | | | |
| a. Secured, Considered good | 0.00 | 0.00 | 0.00 |
| **(C) Receivable from ISRO (Reimbursement)** | 304.91 | 0.00 | 0.00 |
| a. Unsecured, Considered good | | | |
| b. Doubtful | 5.78 | 67.29 | 81.84 |
| Less: Allowance for doubtful other financial assets | 0.00 | -60.41 | 0.00 |
| | **5.78** | **6.88** | **81.84** |
| **Total Other Financial Assets** | **367.65** | **120.09** | **209.29** |

Subsidiary Company Hindustan Fluorocarbons Ltd has created mortgage in favour of the Holding Company on 84.31 acre of land at Rudraram Vill, Medak Dist., Telengana state towards zero coupon loan ₹ 2744 Lakhs outstanding and the interest bearing loan of ₹ 453.01 Lakhs and interest accrued thereon amounting to ₹ 781.62 Lakhs.

The Subsidiary company had outstanding Govt. plan loan of ₹ 3.60 Cr. availed for manufacture of MPTFE and ₹ 13.20 Cr. availed for refurbishment of the Plant @11.5% p.a. and both the loans repayable in 5 annual installments commencing from F.Y. 2015-16. The Company had repaid ₹ 1.00 Crore with interest of ₹ 24.92 lac during the month of March, 2017 and accordingly principal and interest outstandings were adjusted. The instalment due for F.Y. 2015-16,2016-17, 2017-18 and 2018-19 amounting to ₹ 1,244.00 lacs shown in Note-16 under the head 'Other Financial liabilities being Govt. Plan Loan current maturities of long term debt'.

(₹ in Lakhs)

| Description | As at 31.03.2018 | | As at 31.03.2017 | | As at 01.04.2016 | |
|---|---|---|---|---|---|---|
| **11. Share Capital** | Nos. | ₹ | Nos. | ₹ | Nos. | ₹ |
| **Authorised Share Capital** | | | | | | |
| Equity Shares of ₹ 10 each | | | | | | |
| Opening Balance | 100000000 | 10000.00 | 100000000 | 10000.00 | 100000000 | 10000.00 |
| Increase/(decrease) during the year | - | - | - | - | - | - |
| **Closing balance** | **100000000** | **10000.00** | **100000000** | **10000.00** | **100000000** | **10000.00** |
| **11a. Equity Share Capital** | | | | | | |
| **Issued equity capital** | | | | | | |
| Equity shares of ₹ 10 each issued, subscribed and fully paid | | | | | | |
| Opening balance | 67173100 | 6717.31 | 67173100 | 6717.31 | 67173100 | 6717.31 |
| Add: Paid-up amount on shares forfeited | - | 9.65 | - | 9.65 | - | 9.65 |
| Increase/(decrease) during the year - - | - | 0.00 | - | 0.00 | - | 0.00 |
| **Total - Equity share capital** | **67173100** | **6726.96** | **67173100** | **6726.96** | **67173100** | **6726.96** |

**Terms/ rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**Details of shareholders holding more than 5% shares in the company**

| Name of the shareholder | As at 31.03.2018 | | As at 31.03.2017 | | As at 01.04.2016 | |
|---|---|---|---|---|---|---|
| | No. In | % Holding | No. In | % Holding | No. In | % Holding |
| Equity shares of INR 10 each fully paid: The Government of India | 39,481,500 | 58.78% | 39,481,500 | 58.78% | 39,481,500 | 58.78% |

2) During the year 2010-11, the Company forfeited 193000 shares of ₹ 10 each (₹ 5 paid up) for non payment of allotment and call monies and the amount paid towards application money in respect of these forfeited shares has been transferred to "Share's Forfeiture Account".

| | | | | | | |
|---|---|---|---|---|---|---|
| **11b. Preference Share capital** | | | | | | |
| **8% Non-cumulative Redeemable Preference Shares of ₹ 10 each** | | | | | | |
| Opening Balance | 270000000 | 27000.00 | 270000000 | 27000.00 | 270000000 | 27000.00 |
| Increase/(decrease) during the year | - | - | - | - | - | - |
| **Closing balance** | **270000000** | **27000.00** | **270000000** | **27000.00** | **270000000** | **27000.00** |

Note

1. The preference shareholders have no voting rights.

2. The Government of India had released in earlier in the year 2006-17 ₹ 27000 Lakhs (for financial restructuring ₹ 25000 Lakhs and Caustic Soda Plant recommissioning ₹ 2000 Lakhs) against allotment of 8% Non-Cumulative Redeemable Preference Shares, thereby broadening the capital base as per the revival scheme. The 8% Preference Shares were allotted to Government of India by the Board on 28th January, 2008, redeemable @ 20% commencing from 4th year with last redemption in the 8th year. The first, second, third, forth & fifth installments of 20% i.e. ₹ 5400 each was due for redemption in financial year 2011-12, 2012-13, 2013-14, 2014-15 & 2015-16 respectively. At the request of the Company, Government of India has extended the commencement of redemption from financial year 2011-12 to financial year 2015-16 @ 25% each year. The Board has authorised the company to request the Govt. for further extension of the redemption date by another four years. As per the decision of the Government of India, the extension of redemption is subject payment of interest @ 1.5 % pa, on the total amount of ₹ 27000 Lakhs and an amount of ₹ 405 Lakhs has been provided in the books of accounts during the year. Further interest @1 % is payable for default in repayment and accordingly interest amount of ₹ 270 Lakhs has been provided during the year.

(₹ in Lakhs)

| Description | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|
| **12. Other equity** | | | |
| **a) Securities Premium Reserve** | | | |
| **Opening balance** | 4984.31 | 5298.78 | 5612.89 |
| Increase/(decrease) during the year | -145.75 | -314.46 | -314.11 |
| **Closing balance** | **4838.56** | **4984.32** | **5298.78** |
| **b) Retained Earnings** | | | |
| **Opening balance** | -140035.25 | -114260.78 | -96242.59 |
| Add: Profit for the year | -18047.18 | -25774.46 | -18018.20 |
| Add: Profit on sale of Land | 37940.00 | 0.00 | 0.00 |
| **Closing balance** | **-120142.43** | **-140035.25** | **-114260.78** |
| **c) Other comprehensive income** | | | |
| **i) Revaluation of Property, plant & Equipments** | | | |
| Opening balance | 140764.63 | 140407.30 | 1690.51 |
| Add: Revaluation during the year | 12478.07 | 0.00 | 156267.39 |
| Less: Reserve transferred to Retained Earning | -37940.00 | 0.00 | 0.00 |
| Less : Deferred Tax assets | -2793.25 | 357.33 | -17550.60 |
| **Closing balance** | **112509.45** | **140764.63** | **140407.30** |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

| Description | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|
| ii) **Provision for Duties & Taxes Receivable - Kochi** | | | |
| **Opening balance** | -381.22 | -381.22 | -381.22 |
| **Add:** | 0.00 | 0.00 | 0.00 |
| Less: | 0.00 | 0.00 | 0.00 |
| **Closing balance** | **-381.22** | **-381.22** | **-381.22** |
| (iii) **Changes in defined benefits plan** | **873.02** | **0.00** | **0.00** |
| Opening balance of Other Comprehensive income | -140.44 | 0.00 | 0.00 |
| Remeasurement of the defined benefit liabilities / (assets) | -141.03 | -58.68 | 0.00 |
| Financial instrument through OCI at amortised cost | -87.66 | -81.76 | 0.00 |
| | -369.13 | -140.44 | 0.00 |
| G. **Total** | **112632.12** | **140242.97** | **140026.08** |
| **Total Other Equity** | **(2,671.75)** | **5,192.04** | **31,064.08** |

Securities Premium Reserve - Where the Holding Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the premium received on those shares shall be transferred to "Securities Premium Reserve". The Company may issue fully paid-up bonus shares to its members out of the securities premium reserve and the Company can use this reserve for buy-back of shares.

| Description | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|
| **13. Borrowings** | | | |
| **13a. Non-current Borrowings** | | | |
| **Debentures** | | | |
| Non-convertible 10.57% Taxable Bonds of ₹ 1000000 each, maturing on 28.08.2017 | 0.00 | 0.00 | 10000.00 |
| Non-convertible 9.36% Taxable Bonds of ₹ 1000000 each, maturing on 28.09.2017 | 0.00 | 0.00 | 15000.00 |
| Term Loan - State Bank of India | 0.00 | 0.00 | 20.19 |
| Loans from Government of India | **24893.26** | **2781.00** | **3328.80** |
| Other Loan | **0.00** | **0.00** | **1006.36** |
| **Total** | **24893.26** | **2781.00** | **29355.35** |
| **13b. Other Current financial liabilities** | | | |
| **Current maturities of Govt loan** | 8787.25 | 1002.45 | -675.27 |
| **Current maturities of Non- current Debentures** | 0.00 | | |
| Non-convertible 10.57% Taxable Bonds of ₹ 1000000 each, maturing on 28.08.2017 | 0.00 | 10000.00 | 0.00 |
| Non-convertible 9.36% Taxable Bonds of ₹ 1000000 each, maturing on 28.09.2017 | 0.00 | 15000.00 | 0.00 |
| **Current maturities of Long term debt** | **8787.25** | **26002.45** | **-675.27** |
| Interest accrued and due on borrowings | 1387.46 | 1148.50 | 929.90 |
| Other payables | 43.25 | 47.44 | 52.38 |
| **13.b. Other current financial liabilities** | **10217.96** | **27198.39** | **307.01** |
| Total Borrowings | **35,111.22** | **29,979.39** | **29,662.36** |
| 13b) Less: Amount clubbed under "other current financial liabilities | **10217.96** | **27198.39** | **307.01** |
| Other payables | | | |
| **Non-current Borrowings (Net)** | **24893.26** | **2781.00** | **29355.35** |
| Aggregate Secured loans | | | |
| Aggregate Unsecured loans | 35,111.22 | 29,979.39 | 29,662.36 |
| **13c. Current Borrowings** | | | |
| **Loans repayable On Demand** | | | |
| **From Banks** | | | |

(₹ in Lakhs)

| Description | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|
| **Secured** | | | |
| Cash Credit from State Bank of India | 258.59 | 4479.11 | 4488.21 |
| Total current Borrowings | **258.59** | **4479.11** | **4488.21** |
| Aggregate Secured loans | 0.00 | 4141.83 | 4041.38 |
| Aggregate Unsecured loans | 0.00 | 0.00 | 0.00 |

**Note:**

i. The Holding Company has raised Bonds for ₹ 10000 Lakhs (series XX unsecured 10.57% p.a. redeemable bonds) on 28.08.2013 to redeem the bonds (series XIX unsecured 8.73% p.a.redeemable bond) matured on 28.08.2013, valid for a period of 4 years. The Bonds of ₹ 10000 Lakhs matured on 28.8.2017 have since been redeemed on the maturity date).

ii) The Holding Company has raised Bonds for ₹ 15000 Lakhs (series XXI unsecured 9.36% p.a. redeemable bonds) on 01.10.2014 for working capital requirement.The Bonds of ₹ 15000 Lakhs matured on 28.9.2017 and has been redeemed on maturity date.

iii) There is a continuing default by the Holding Company in repayment of loan from Government of India since the year 2002-03 and the overdue amount towards principal is ₹ 8980.60 Lakhs (previous year ₹ 7644.20 Lakhs) and for interest accrued is ₹ 10118.01 Lakhs (previous year ₹ 8587.20 Lakhs). These amounts are shown under 'Other Current Liabilities'. ₹ 8681.36 Lakhs (previous year ₹ 1336.40 Lakhs) maturing in next 12 months is shown under Other Current Liabilities as 'current maturity of long-term borrowings'.

iv) The Holding company has made a provision in the books for penal interest payable amounting to ₹ 2004.30 Lakhs upto 31st March, 2018 (Previous year ₹ 1682.00 Lakhs). The govt. loan sanction letter contains the terms and conditions of repayment of the loan, interest applicable etc. In case of default in the repayment of the principal / interest on due date, the sanction letter stipulates that the govt. reserves the right to charge higher interest rate on the overdue amount and also charge interest on interest at the same rate. The company has made provision in the year 2016-17, for penal interest at the enhanced rate on the principal outstanding dues from the year 2001. However, no provision has been made for interest on interest for the period from 01.04.2001 to 31.03.2018 amounting to ₹ 24163 Lakhs.

v) The loan from State Bank of India and Canara Bank outstanding in the books of the holding company amounting to ₹ 4700 Lakhs and ₹ 195.76 Lakhs respectively were fully paid as full and final settlement of the dues to Canara Bank on 20.2.2018.

vi) The Subsidiary Company has secured by hypothecation of the company's entire stock of raw materials, finished goods, stock in process, consumables, stores & spares and book debts, plant and machinery and part of the land to the extent of Acres 15.11 out of the total land of Acres126.13 at Rudraram Village and guaranteed by the holding company, viz. Hindustan Organic Chemicals Ltd. The cash credit is repayable on demand and carries interest @12.85% p.a.

| Description | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|
| **14. Trade payables** | | | |
| **14a. Non Current - Trade Payable** | | | |
| Outstanding dues of micro and small enterprises | 0.00 | 0.00 | 0.00 |
| Outstanding dues of other than micro and small enterprises | 4291.97 | 2462.00 | 320.00 |
| Terms and conditions of the above financial liabilities: | **4291.97** | **2462.00** | **320.00** |
| **14b. Current - Trade Payable (Sundry Creditors)** | | | |
| i) Outstanding dues of micro and small enterprises | 34.36 | 46.01 | 95.51 |
| ii) Outstanding dues of other than micro and small enterprises | 13607.43 | 16890.63 | 14179.32 |
| Total | **13641.79** | **16936.64** | **14274.83** |
| **Amount due to Micro, Small and Medium enterprises:** | | | |
| **Particulars** | | | |
| a) i) Principal amount remaining unpaid as at the end of each accounting year | 34.36 | 46.01 | 95.51 |
| ii) Interest due thereon | 0.00 | 2.86 | 5.72 |
| b) the amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond appointed day. | 0.00 | 0.00 | 0.00 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

| Description | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|
| c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006. | 0.00 | 0.00 | 0.00 |
| d) The amount of interest accrued and remaining unpaid at the end of each accounting year | 0.00 | 23.29 | 20.44 |
| e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium enterprises Development Act, 2006. | 0.00 | 0.00 | 0.00 |
| **15. Provisions** | | | |
| **15A. Long Term Provisions** | | | |
| **Opening** | | | |
| For Employee's Benefits - Leave encashment | 954.42 | 7848.73 | 7967.18 |
| Diff. in Fixed Assets | 2.07 | 10.77 | 10.77 |
| Statutory Claims | 0.00 | 18.05 | 18.05 |
| **Sub-total** | **956.49** | **7877.55** | **7996.00** |
| **Arising during the year** | | | |
| For Employee's Benefits - Leave encashment | 0.00 | 25.64 | 6919.95 |
| Diff. in Fixed Assets | 0.00 | 2.07 | 0.00 |
| Provision for Doubtful recovery-HFL (270-A) | 1943.45 | | |
| Provision for land Lease premium | 490.99 | | |
| **Sub-total** | **2434.44** | **27.71** | **6919.95** |
| **Utilised** | | | |
| For Employee's Benefits - Leave encashment | 14.19 | 6930.72 | 7038.40 |
| Diff. in Fixed Assets | 0.00 | 18.05 | 0.00 |
| Statutory Claims | 0.00 | 0.00 | 0.00 |
| **Sub-total** | **14.19** | **6948.77** | **7038.40** |
| **Closing** | | | |
| For Employee's Benefits - Leave & Gratuity | 1786.06 | 1565.82 | 8484.16 |
| Diff. in Fixed Assets | 2.07 | 2.07 | 10.77 |
| Statutory Claims | 0.00 | 0.00 | 18.05 |
| Provision for Doubtful recovery-HFL (270-A)v | 0.00 | | |
| Provision for land Lease premium | 490.99 | | |
| **Total** | **2279.12** | **1567.89** | **8512.98** |
| **15 B. Short Term Provisions** | | | |
| Opening | | | |
| For Employees' Benefits (Gratuity & Leave) | 6534.65 | 890.45 | 928.34 |
| For Employees Remuneration | 144.04 | 143.10 | 143.10 |
| For Interest to others | 225.23 | 225.23 | 225.23 |
| For Damages/Penality/Penal Interest | 6473.69 | 6473.69 | 0.00 |
| **Sub-total** | **13377.61** | **7732.47** | **1296.67** |
| Arising during the year | | | |
| For Employees' Benefits (Gratuity & Leave) | 287.80 | 0.00 | 244.89 |
| For Employees Remuneration | 0.93 | 1.87 | 0.00 |
| For Interest to others | 0.00 | 0.00 | 0.00 |
| For Damages/Penality/Penal Interest | 0.00 | 0.00 | 0.00 |
| **Sub-total** | **288.73** | **1.87** | **244.89** |
| Utilised | | | |
| For Employees' Benefits (Gratuity & Leave) | 6483.08 | -5644.20 | 282.78 |
| For Employees Remuneration | 124.16 | 0.93 | -0.93 |
| For Interest to others | 225.23 | 0.00 | 0.00 |
| For Damages/Penality/Penal Interest | 541.92 | 0.00 | 0.00 |
| **Sub-total** | **7374.39** | **-5643.27** | **281.85** |

(₹ in Lakhs)

| Description | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|
| **Closing** | | | |
| For Employees' Benefits (Gratuity & Leave) | 647.14 | 6797.60 | 1295.76 |
| For Employees Remuneration | 41.31 | 333.66 | 285.07 |
| For Interest to others | 0.00 | 225.23 | 225.23 |
| For Damages/Penality/Penal Interest | 5931.77 | 6473.69 | 0.00 |
| **Total** | **6620.22** | **13830.18** | **1806.06** |

During the year the company has made provision in respect of Damages/Penalty/Penal interest and the total cumulative provision is given below.

a. Damages, Penalties, for default in payment of Pension. ₹ 182.05 Lakhs.
b. Penal Interest on GoI loan ₹ 2004.30 Lakhs.
c. Interest (1.5 %) on Preference Share (₹ 270 Crore) postponement of redemption for 4 year ₹ 2025 Lakhs.
d. Interest on default in repayment of Preference Share Capital @ 1 % for 3 year ₹ 810 Lakhs.
e. Penalty for non-payment of Guarantee fee on government guaranteed bonds ₹ 850 Lakhs.
d. Loss on account of mis appropriation of company funds amounting to ₹ 60.41 Lakhs pending final report from CBI and outcome of the civil suit.

**Total impact on account of the above is ₹ 5931.77 Lakhs.**

| Description | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|
| **16. Deferred Tax liabilities** | | | |
| **Description** | | | |
| **Deferred Tax liabilities** | 17193.27 | 17193.27 | 17550.60 |
| Income tax expense in the statement of Profit and Loss and Other Comprehensive statement comprise of : | | | |
| Current Tax | | | |
| Deferred tax | **2793.25** | | |
| **Total** | **19986.52** | **17193.27** | **17550.60** |

Deferred Tax liabilities (Net) recognised in the Balance Sheet through Othe Comprehensive Income in the Opening Balance Sheet on tronsition to Ind -As is as under :

Note: The Subsidiary Company has not provided deferred tax assets due to huge accumulated losses incurred since there is no verture certinity to realise in future.

| Description | As at 31.03.2018 | As at 31.03.2017 | As at 01.04.2016 |
|---|---|---|---|
| **17a. Defined employees benefit plan** | | | |
| Employee related liabilities (Gratuity) | **2263.97** | **1654.74** | **0.00** |
| **17b. Net employee defined benefit liabilities - Current** | | | |
| Net employee defined benefit liabilities | **139.09** | **0.00** | **0.00** |
| **18. Deferred government grant** | | | |
| Opening balance | 2273.33 | 2273.33 | 1932.34 |
| Add: Received during the year | 0.00 | 0.00 | 164.50 |
| Add: Receivable as per final statement | 0.00 | 0.00 | 176.49 |
| | 2273.33 | 2273.33 | 2273.33 |
| Less: Transferred C.N.A / ISRO | -1721.56 | 0.00 | 0.00 |
| | 551.77 | 2273.33 | 2273.33 |
| Less: Transferred to Income | -471.40 | -302.09 | -200.05 |
| Less: Transferred to Income during the year | -80.37 | -169.31 | -102.03 |
| | **0.00** | **1801.93** | **1971.25** |
| **19. Other current liabilities** | | | |
| Loan overdue- Loan from Government of India | 17662.40 | 8980.60 | 7644.20 |
| -do- Other Loans | 0.00 | 1390.00 | 1170.33 |
| Advances from customers | 1107.81 | 1435.99 | 542.98 |
| Deposits from Vendors / Customers | 362.52 | 792.22 | 443.14 |
| Interest accrued but not due | 4664.31 | 2404.12 | 1904.06 |
| Interest accrued and due | 10118.01 | 8587.20 | 7379.15 |
| Statutory Liabilities | 677.56 | 4148.38 | 2447.02 |
| Employee related liabilities | 15153.87 | 22730.38 | 4995.01 |
| Payroll Recoveries Payable | 23.11 | 554.91 | 9515.77 |
| Other Liabilities | 2111.75 | 3280.24 | 3310.78 |
| **Total other current liabilities** | **51,881.34** | **54,304.04** | **39,352.44** |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

| Description | | 01.04.2017 to 31.03.2018 | 01.04.2016 to 31.03.2017 |
|---|---|---|---|
| **20.** | **Revenue from operations** | | |
| | **Sale of products (Manufactured )** | | |
| | Nitroproducts | 34.86 | 414.83 |
| | Acids (C N A) | 101.66 | 347.50 |
| | Spent Acid | 0.58 | 2.24 |
| | Dinitrogen Tetro Oxide (N2O4) | 1775.52 | 2904.53 |
| | Phenol | 13413.78 | 5102.94 |
| | Acetone | 5291.54 | 2530.93 |
| | H2O2 | 2940.53 | 2683.13 |
| | H. E. of Cumene | 473.29 | 255.53 |
| | Cumox Oil | 179.45 | 88.88 |
| | Others | 21.73 | 0.00 |
| | Polytetrafluoroethylene | 250.50 | 276.71 |
| | Application Development Customer Support | 50.96 | 9.65 |
| | CFM - 22 | 3364.20 | 3014.41 |
| | Tetrafluoroethylene | 6.05 | 47.77 |
| | Hydrogenchloride | 12.79 | 29.32 |
| | Others | 0.86 | 5.65 |
| | **Total** | **27918.30** | **17714.02** |
| **21.** | **Other income** | | |
| | **Direct income** | | |
| | Facility charges from ISRO | 840.00 | 0.00 |
| | Sale of Scrap | 1.56 | 7.58 |
| | Sub-total | **841.56** | **7.58** |
| | **Interest income on** | | |
| | On Call and Term Deposits (Gross) | 151.45 | 11.95 |
| | On Advances and Deposits with MIDC,MSEB and others | 4.25 | 18.69 |
| | On loan to Subsidiary Company | 0.00 | 0.00 |
| | Delayed payment & Finance charges from Sundry debtors | 28.02 | 0.82 |
| | Sub-total | **183.72** | **31.46** |
| | **Other non-operating income** | | |
| | Estate Rent | 120.40 | 165.63 |
| | Transport, Water, Electricity,etc. recoveries | 46.87 | 55.96 |
| | Miscellaneous Income | 190.92 | 305.07 |
| | Prior Period Income | 0.00 | 25.90 |
| | Excess Provision w/ back | 2206.23 | 18.05 |
| | Provision for Impairment written back | 0.00 | 0.00 |
| | Income from Slum sale (ISRO) | 2263.99 | 0.00 |
| | Profit on Sale of Assets | 749.27 | 1.63 |
| | Sub-total | **5577.68** | **572.24** |
| | **Total** | **6602.96** | **611.28** |
| **22.** | **Cost of raw material and components consumed** | | |
| | Inventory at the beginning of the year | 341.56 | 351.84 |
| | Add: Purchases | 15275.39 | 7667.99 |
| | Add: Raw material Overhead | 0.00 | 0.00 |
| | Less: inventory at the end of the year | 1002.28 | 341.56 |
| | Less: Transferred to ISRO | 26.91 | 0.00 |
| | Cost of raw material and components consumed | **14,587.76** | **7,678.27** |
| **23.** | **(Increase)/Decrease in inventory** | | |
| | Inventories at the end of the year | | |
| (i) | Stock-in-Process | 1044.79 | 1066.05 |
| (ii) | Stock for Captive consumption | 282.78 | 232.66 |
| (iii) | Main Products | 1764.02 | 1131.42 |
| (iv) | By Products | 17.81 | 12.45 |
| | | **3109.40** | **2442.58** |

(₹ in Lakhs)

| Description | | 01.04.2017 to 31.03.2018 | 01.04.2016 to 31.03.2017 |
|---|---|---|---|
| | Inventories at the beginning of the year | | |
| (i) | Stock-in-Process | 1066.05 | 783.80 |
| (ii) | Stock for Captive consumption | 232.66 | 113.01 |
| (iii) | Main Products | 1012.25 | 432.91 |
| (iv) | By Products | 14.01 | 4.90 |
| | Less: Transferred to ISRO | -31.35 | 0.00 |
| | | **2293.62** | **1334.62** |
| | Changes in Inventories of finished goods and work in progress | **-815.78** | **-1107.96** |
| **24.** | **Employee benefits expense** | | |
| a) | Salaries, wages and bonus | 7429.21 | 8521.43 |
| b) | Contribution to provident and other funds | 786.30 | 842.59 |
| c) | Gratuity payments including premium for Group | 1321.60 | 1010.04 |
| d) | Wage Revision Arrears (1997 & 2007) | 0.00 | 2207.60 |
| e) | Provision for Leave Encashment | 630.05 | 1.20 |
| f) | Staff welfare expenses | 915.21 | 786.80 |
| | | **11082.37** | **13369.66** |
| | Voluntary retirement benefits (VRS & VSS) | 7738.15 | |
| | Total | **18820.52** | **13369.66** |
| **25.** | **Finance costs** | | |
| | **Interest:** | | |
| | On Fixed Loans | 5303.86 | 318.49 |
| | On Other Loans | 490.65 | -63.78 |
| | Interest - Others | 1825.21 | 9394.86 |
| | | **7619.72** | **9649.57** |
| | Other Borrowing Cost | 74.64 | 100.28 |
| | **Total finance costs** | **7694.36** | **9749.85** |
| | In the books of Holding Company Interest - others is in respect of interest paid / payable on delayed payment towards provident fund, gratuity, credit society, electricity charges, water charges, income tax (TDS), MSMEs and other creditors against raw-material supplies. | | |
| **26a.** | **Depreciation and amortization expense** | | |
| | Depreciation of tangible assets | 577.67 | 664.02 |
| | Amortization of intangible assets | 0.00 | 235.13 |
| | | **577.67** | **899.15** |
| **26b.** | **Provision for impairment loss on fixed assets** | **251.03** | **513.31** |
| | | **828.70** | **1412.46** |
| **27.** | **Other expense** | | |
| | **Consumption of Stores and Spares** | **681.30** | **501.54** |
| | **Utilities** | | |
| | Power and Fuel | 5633.79 | 4564.35 |
| | Water | 352.56 | 340.99 |
| | | **5986.35** | **4905.34** |
| | **Repairs & Maintenance:** | | |
| | Building | 148.18 | 69.33 |
| | Plant and Machinery | 129.84 | 150.04 |
| | Other Assets | 183.79 | 185.24 |
| | | **461.81** | **404.61** |
| | **Administration Expenses:** | | |
| | Rent | 9.81 | 18.10 |
| | Insurance | 111.75 | 92.50 |
| | Rates and taxes | 237.88 | 100.13 |
| | Consultancy / Professional cahrges | 145.04 | 75.33 |
| | **Payment to Auditors** | 6.62 | 7.95 |
| | **Other expenses:** | | |
| | Power for Township | 0.00 | 124.06 |
| | Water for Township | 174.91 | 81.06 |
| | Security Expenses | 161.60 | 127.27 |
| | Advertisement Expenses | 261.08 | 121.02 |
| | Hire of Vehicles Expenses | 67.81 | 103.51 |
| | Miscellaneous Expenses | 30.69 | 304.48 |
| | VSS - Mathadi Workers | 397.43 | 0.00 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lakhs)

| Description | 01.04.2017 to 31.03.2018 | 01.04.2016 to 31.03.2017 |
|---|---|---|
| Loss on Sale of Assets/Disposal | 0.00 | 0.00 |
| Loss on Assets discarded | 128.47 | 0.00 |
| Prior Period Expenses | 140.87 | 770.35 |
| Bad Debts Written-off | 213.39 | 12.98 |
| Corporate Social Responsibility | | 2.68 |
| | 2087.35 | 1941.42 |
| **Selling and distribution expenses:** | | |
| Cash Discount | 376.17 | 133.68 |
| Publicity Expenses | 1.07 | 9.86 |
| Other selling expenes | 9.32 | 9.97 |
| | 386.56 | 153.51 |
| **Provisions:** | | |
| Provision for Doubtful Debts | 0.04 | 1.42 |
| Provision for Doubtful Advances | 1943.45 | 60.41 |
| Provision for Lease premium | 490.99 | 0.36 |
| Provision for Stock Obsolescence | 0.00 | 102.39 |
| Provision for Penalty | 1113.30 | 4793.28 |
| Unidentified assets | 0.00 | 2.07 |
| Provision for statutory claims | 0.00 | 0.00 |
| Long term agreements | 272.94 | 299.04 |
| | 3820.72 | 5258.97 |
| **Total** | 13424.09 | 13165.39 |

**28. Implementation of Restructuring plan**

i. The Company has implemented the Government of India approved restructuring plan of the company which includes closure of all plants at Rasayani unit except the Conc. Nitric Acid / N204 Plant (handed over to ISRO) and given VRS to the employees (Direct and Indirect) rendered surplus due to shutting down of the plants at Rasayani except those employees associated with operation of CNA/N2O4 plant at Rasayani and the skeletal staff required for implementation of the proposed restructuring plan.

ii. The Company has announced a VRS Scheme on 20.02.2017 to 21.03.2017 which was kept open for one month initially and further extended by another 15 days. The company has received 409 applications from the employees (including the 36 employees opted in 2013). The company has relieved 274 employees on 28.2.2018, 24 employees on 15.3.2018 , and 1 employee on 11.4.2018 and 8 employees on 30.4.2018. Out of 150 employees transferred to ISRO 19 employees had opted for VRS and they were relieved on 15.11.2017. In addition there are 8 employees retained for Corporate functions and 15 employees for completion of the restructuring related works, who will be relieved after completion of restructuring related works. Total amount paid / payable as VRS compensation to employees is ₹ 6000 Lakhs upto 31st March 2018.

iii) The Board also approved a Volantary Separation Scheme (VSS) for the indirect employees (Canteen, Adhoc and Mathadi workers) of Rasayani Unit, who have been relieved in the month of March 2018. Total amount paid towards VSS is ₹ 1739 Lakhs.

iv) 22 employees who have not opted for VRS has been transferred to the Kochi Unit of the company.

v) Salary arrears of all past and present employees' payables and provided for at respective years will be paid in due course.

**29. EMPLOYEES BENEFIT PLAN:**

**A. Provision for leave encashment**

**Rasayani:** The Holding Company has made provision of ₹ 630.05 Lakhs (previous year ₹ Nil) for leave encashment as per IND AS-19 issued by Institute of Chartered Accountants of India based on Actuarial Valuation. As per the restructuring plan approved by the Government all the employees of Rasayani unit except those employees being taken over by ISRO are being given VRS and the leave encashment dues has been settled / being settled at the time of relieving them on VRS.

Kochi: The Holding Company has made provision of Nil (previous year ₹ 1.20 Lakhs) for leave encashment as per revised AS-19 issued by Institute of Chartered Accountants of India based on Actuarial Valuation and the unpaid amount of leave encashment claims submitted by the employees.

**B.** Employees receive benefits from the provident fund managed by the Company. The employee and employer each make monthly contributions to the Provident Fund/Pension Fund plan equal to 12% of the employees' salary/wages. Provident Fund is managed by a separate Exempted Trust. The Provident fund dues of VRS optees has been settled by the Trust.

**C. Gratuity**

**Gratuity plan is governed by the Payment of Gratuity Act, 1972 and employee who has completed five years of service is entitled to gratuity and the level of benefits provided depended on the member's length of service and salary at retirement age**. The Employees' Gratuity Fund Scheme, which is a defined benefit plan, is managed by the Trust through an Annuity Scheme maintained with Life Insurance Corporation of India (LIC). The gratuity liability of Rasayani unit employees has been setteld by the company since the fund available with LIC of India is not sufficient to settle all the liablities. The balance fund available with LIC is ₹ 45.47 Lakhs.

The gratuity liability as on 31st March, 2017 of the retired employees of the Holding Company on above account amounting to ₹ 187.54 Lakhs has been settled during the year and no further payments are due. All dues of gratuity of Rasayani unit and Kochi unit employees relieved upto 31.03.2018 have been paid and there are no further payment dues.

The ceiling of gratuity has been enhanced from ₹ 10 Lakhs to ₹ 20 Lakhs as per GoI Notification dt. 29th March 2018 on Payment of Gratuity (Amendment) Act 2018.

(i) Reconciliation of opening and closing balances of the present value of the defined benefit obligations.

(₹ in Lakhs)

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Present value of obligation as at the beginning of the year | 6282.67 | 5580.19 |
| Interest Cost | 391.05 | 434.97 |
| Current Service Cost | 168.92 | 166.64 |
| Benefits paid | (232.45) | (5.28) |
| Actuarial (gain)/loss on obligations | 3311.47 | 314.12 |
| Past Service Cost | 619.02 | 0.00 |
| Liabilities Extinguished on settlement | (6393.91) | 0.00 |
| Components of actuarial obligation | (185.41) | 570.32 |
| Present value of obligations at the end of year | 3961.36 | 7060.96 |

(ii) Reconciliation of opening and closing balances of fair value of the plan assets:

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Fair value of plan assets at beginning of year | 44.64 | 43.09 |
| Expected return on plan assets | 3.03 | 2.65 |
| Contributions | (206.72) | 0.00 |
| Benefits Paid | (19.92) | (5.28) |
| Actuarial gain/(loss) on plan assets | 0.00 | 0.86 |
| Fair value of plan assets at the end of year | (178.97) | 41.32 |

(iii) Reconciliation of present value of obligations and fair value of plan assets:

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Fair value of Plan Asset at the end of the year | 41.86 | 39.83 |
| Present value of obligations at the end of year | 3087.43 | 6282.67 |
| Liability/(Asset) recognized in the Balance Sheet | 3038.38 | 6238.03 |

(iv) Expenses recognized during the year:

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Current Service Cost | 168.92 | 166.64 |
| Interest cost | 391.05 | 434.97 |
| Expected return on plan assets | 0.20 | (2.65) |
| Past Service cost and loss/gain on curtailments and settlement | 3680.57 | 0.00 |
| Actuarial (gain)/loss | 249.92 | 313.26 |
| Expenses Recognised in Profit & Loss Account | **4490.66** | **727.58** |

(v) Assumptions used to determine the defined benefit obligations

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| **HOCL** | | |
| Mortality Table (LIC) (2006-08 Ultimate) Discount rate (p.a) | 7.35% | 6.80% |
| Expected rate of increase in salary (p.a.) | 7.00% | 7.00% |
| Withdrawal rate | 1% to 3% depending on age | |
| **HFL** | | |
| Mortality Table (LIC) | (ultimate) 1994-96 | (ultimate) 1994-96 |
| Discount Rate (per annum ) | 8.00% | 9.00% |
| Expected Rate of Return on Plan Assets | 9.00% | 9.00% |
| Attrition Rate | 10.00% | 10.00% |
| Salary Rise | 4.00% | 4.00% |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**(vi) Reconciliation of net defined benefit liability**

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| **HOCL** | | |
| Net Opening provision in books of accounts | 5,670.12 | 4,981.55 |
| Transfer in/(out) obligation | - | - |
| Transfer (in)/out plan assets | - | - |
| Employee Benefit Expenses as per Annexure 2 | 4,166.94 | - |
| Current Service Cost | - | 139.58 |
| Interest Cost | - | 381.09 |
| Actuarial Loan (Gain) | - | 210.13 |
| Amounts recognized in other Comprehensive Income | -873.02 | - |
| | 8,964.04 | 5,712.35 |
| Benefits paid by the Company | -212.53 | - |
| Benefits settled (Rasayani unit) | -6,393.91 | - |
| Contributions to plan Assets | - | - |
| Closing Provision in books of accounts | 2,357.60 | 5,712.35 |
| **HFL** | | |
| Defined Benefit obligation at beginning of the year | 306.45 | 445.88 |
| Current service cost | 58.17 | 41.55 |
| Interest cost | 27.58 | 40.13 |
| Actuarial(gain)/loss | 29.55 | -221.11 |
| Benefits paid | - | - |
| Defined Benefit obligation at the year end | 429.47 | 306.45 |

**(vii) Composition of the plan assets**

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Government of India Securities | 0.00% | 0.00% |
| State Government Securities | 0.00% | 0.00% |
| High Quality Corporate Bonds | 0.00% | 0.00% |
| Equity Shares of Listed Companies | 0.00% | 0.00% |
| Property | 0.00% | 0.00% |
| Special Deposit Scheme | 0.00% | 0.00% |
| Policy of insurance | 100.00% | 100.00% |
| Bank Balance | 0.00% | 0.00% |
| Other Investments | 0.00% | 0.00% |
| **Total** | 100.00% | 100.00% |

**(viii) Bifurcation of liability as per Schedule III**

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Current Liability* | 93.62 | 136.44 |
| Non-current Liability | 2,263.97 | 5533.68 |
| Net Liability | 2,357.59 | 5,670.12 |

*The current liability is calculated as expected contributions for the next 12 months.

(ix) Expected cashflows based on past service liability

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Year 1 | 666.64 | - |
| Year 2 | 277.90 | - |
| Year 3 | 364.81 | - |
| Year 4 | 429.33 | - |
| Year 5 | 318.77 | - |
| Year 6 to Year 10 | 680.97 | - |

The future accrual is not considered in arriving at the above cash-flows.

**The Expected contribution for the next year is ₹ 93.62 Lakhs**

**The Average Outstanding Term of the Obligations (Years) as at valuation date is 4.59 years.**

**(x) Sensitivity to Key Assumptions**

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| **Discount Rate Sensitivity** | | |
| Increase by 0.5% | 2,354.02 | - |
| (% change ) | -2.04% | - |
| Decrease by 0.5% | 2,454.34 | - |
| (% change ) | 2.13% | - |
| **Salary Growth rate Sensitivity** | | |
| Increase by 0.5% | 2,437.18 | - |
| (% change ) | 1.42% | - |
| Decrease by 0.5% | 2,369.73 | - |
| (% change ) | -1.39% | - |
| **Withdrawal rate (W.R) Sensitivity** | | |
| W. R. x 110% | 2,404.90 | - |
| (% change ) | 0.08% | - |
| W. R. x 90% | 2,401.05 | - |
| (% change ) | -0.08% | - |

**A description of methods used for sensitivity analysis and its Limitations:**

Sensitivity analysis is performed by varying a single parameter while keeping all the other parameters unchanged.

Sensitivity analysis fails to focus on the interrelationship between underlying parameters.

Hence, the results may vary if the two or more variables are changed simultaneously.

The method used does not indicate anything about the likelihood of change in any parameter and the extent of the change if any

**Details of Asset-Liability Matching Strategy**

It was informed by the company that Gratuity Benefits liabilities of the company are Funded

There are no minimum funding requirements for a Gratuity Benefits plan in India and there is no compulsion on the part of the Company to fully or partially pre-fund the liabilities under the Plan.

The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

**Effect of the defined benefit plan on the entity's future cash flows**

When the benefits of the plan are changed, or when a plan is curtailed or settlement occurs, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment or settlement, is recognized immediately in the profit or loss account when the plan amendment or when a curtailment or settlement occurs.

**(xi) Break-up of defined benefit obligation**

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Vested | 2,395.27 | 5690.49 |
| Non-vested | 7.79 | 21.86 |
| **Total** | **2,403.06** | **5,712.35** |

**(xii) Age wise distribution of defined benefit obligation**

| Age (In years) | DBO (in ₹ ) |
|---|---|
| Less than 25 | - |
| 26 to 35 | 36.44 |
| 36 to 45 | 146.21 |
| 46 to 55 | 1109.07 |
| 56 and above | 1111.33 |
| Accrued gratuity for Left Employees | - |
| **Total** | **2403.05** |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**MAJOR RISK TO THE PLAN**

**A. Acturial Risk:**

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

**Adverse salary growth experience:**

Salary hikes that are higher than the assumed salary escalations will result into an increase in obligation at a rate

that is higher than expected.

**Variability in mortality rates:**

If actual mortality rates are higher than assumed mortality rate assumptions than the gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benfit, the accelaration of cashflow will lead to an acturial loss or gain depending on the relative values of the assumed salary growth and discount rate. Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumptions than the gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

**B. Investment Risk**

For Funded Plans that rely on insurers for managing the assets, the value of assets certified by the insurers may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

**C. Liquidity Risk :**

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits .If some of such employees resign/retire from the companies there can be strain on the cashflows.

**D. Market Risk:**

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial market. One acturial assumption that has a material effect if the disount rate. The disount rate reflects the time value of money.An increase in disount rate leads to decrease in defined benefit obligations of the plan benefits and vice-versa. This assumption depends on the yields on the corporate/Government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

**E. Legislative Risk:**

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation /regulation. The Government may amend the payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of defned benefit obligations and the same will have to be recognised immediately in the year when any such amendemnt is effective.

The Summary of the assumptions used in the valuations is given below:

Financial Assumptions

| Particulars | 31.03.2018 | 31.03.2017 |
|---|---|---|
| Discount rate | 7.35% p.a | 6.80% p.a |
| Salary Growth rate | 7.00%p.a | 7.00%p.a |

Demographic Assumptions

Withdrawal rates p.a

| Age Band | 31.03.2018 | 31.03.2017 |
|---|---|---|
| 25 and below | 3.00% | 3.00% |
| 26 to 35 | 2.50% | 2.50% |
| 36 to 45 | 2.00% | 2.00% |
| 46 to 55 | 1.50% | 1.50% |
| 56 and above | 1.00% | 1.00% |

Mortality rates

Sample rates p.a of Indian Assured Lives Mortality

| Age (In years) | 31.03.2018 | 31.03.2017 |
|---|---|---|
| 20 | 0.09% | 0.09% |
| 30 | 0.11% | 0.11% |
| 40 | 0.18% | 0.18% |
| 50 | 0.49% | 0.49% |
| 60 | 1.15% | 1.15% |

Method of Valuation

Actuaries has used projected unit credit (PUC) Method to value the Defined benefit obligation.

**30. PROVISION FOR EMPLOYEE REMUNERATION**

PROVISION FOR ARREARS OF WAGES

The Holding Company has made provision on account of wage revision (1997 & 2007), EL / DA difference etc due to Rasayani unit employees amounting to ₹ 4278.81 Lakhs and ₹ 604.82 Lakhs on account of VRS compensation and Gratuity due to 15 employees who are retained for completion of the restructuring plan related works.

**31. FIXED ASSETS**

Land in possession of the Holding Company at Rasayani admeasuring 1010.655 acres (previous year 1010.655 acres) which is valued at the current ready reckoner rate total value of ₹ 143099.52 Lakhs by creating a revaluation reserve. Out of the said land, 39.63 acreas as per the report of the consultant appointed in 2015 has been idenitified as encroached and hence considered at Nil value. There is public road constructed approximating 10.776 acres valued at Nil . The company has during the year initiated survey proceedings with Government of Maharashtra and the survey of the entire land is in progress upto the balance-sheet signing date. The adjustments if any to the actual land holdings of the company would be done on completion of the survey.

As per the restructuring plan approved by the Government of India, vide order dated May 22, 2017, the company is to close its Rasayani Units, and sell the property, plant and equipment. It has also been stated that the C.N.A / N2O4 plant has to be transferred to ISRO. In accordance with the said order, the company has run its activities upto September 30, 2017 at Rasayani. Thereafter, the company has transferred the land and equipment to ISRO. Similarly all the non-operting plants have been sold and certain plants are under sale in accordance with procedure. These plants in the Asset Register of the company are transferred to Assets held for dosposal. Certain utility plant as per the requirement of ISRO are retained by the Company and will be disposed once ISRO constructs its own facilties.

Capital Work-in-Progress and Expenditure during Construction includes ₹ 2978.91 Lakhs (previous year ₹ 2978.91 Lakhs) towards cost of JNPT Tank Terminal project wherein management had decided to suspend further construction. The company has gone into arbitration against JNPT for various issues. Provision for Impairment amounting to ₹ 2885.56 Lakhs has been made based on the valuer report. The company has provided for the lease rentals liability to JNPT upto March 2013 in accordance with the confirmation received from JNPT.

With respect to the Company's leased land at Kharghar, the commencement of construction certificate issued by CIDCO was valid upto 29.12.2012. However the company has not carried out any construction on the said leased land. The company has provided for ₹ 490.99 Lakhs towards charges/premium payable to CIDCO upto March 31, 2018. The company is also in the process selling the partially constructed Tank facilties through JNPT and therefore the same is treated as held for sale.

**32. INVESTMENT**

a) The Company has an investment of ₹ 1106.00 Lakhs (previous year ₹ 1106.00 Lakhs) in the equity share of subsidiary company M/s. Hindustan Fluorocarbons Ltd. (HFL) which is under BIFR since 1994. The net worth of the Company based on its latest audited balance sheet as at 31st March, 2018 is negative. Provision has been made during earlier year towards permanent diminution in the value of these investments amounting to ₹ 221.20 Lakhs. No provisions are made during the year. As per the decision of the Government of India, the company has decided to divest the entire stake in the Subsidiary for which the Transaction and Legal Advisors have been appointed.

During the year 2007-08, the Modified Draft Rehabilitation Scheme (MDRS) for revival of subsidiary - Hindustan Flurocarbon Ltd. (HFL) was approved by BIFR for implementation. As part of implementation of MDRS, HOCL had waived interest of ₹ 2260.26 Lakhs accumulated on loan given to HFL and converted the unsecured loan amounting to ₹ 2744.06 Lakhs as Zero Coupon Loan (ZCL), into secured loan by on HFL creating first charge on immovable property (land 84.31 acre valued to the extent of ₹ 2041.76 Lakhs as per Govt. rate) in favour of HOCL. This loan was payable in 7 equal annual instalments commencing from 2010-11, aggregating to ₹ 2744.06 (Previous year ₹ 2732.06) which has become due and payable in full. Further, the Company had given loans to HFL aggregating to ₹ 453.01 (Previous Year ₹ 453.01) 10.25% to 14.50% which has become payable in full. This loan is also secured by first charge on the HFL immovable property . A provision has been made for the shortfall in the security to the extent of ₹ 1943.45 Lakhs till date.

The company has entered into an agreement dt. 16.10.2006 to lease the school infrastructure facilities to M/s.Mahatma Education Society (MES) for managing the school for a period of 30 years. The management of MES in order to start professional courses has constructed new buildings and facilities in the premises in contravention of the terms of agreement. The company has sent a notice for termination as per the tems of the agreement to M/s.MES. M/s.MES has filed a petition challenging the termination notice in the Dist. Magistrates Court Alibag. MES has filed petition in the Bombay High Court for appointment of Arbitrator in the dispute between HOCL and MES. The District Court has granted stay pending the final disposal of the Arbitration petition of MES. Company has filed a petition to vacate the stay granted by the District Court in the Bombay High Court.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 33. EARNING PER SHARE

| Earnings per share has been calculated as follows: | 2017-18 | 2016-17 |
|---|---|---|
| Net Profit/(Loss) after Tax ( ₹ in Lakhs ) | -20018.39 | -25942.37 |
| Weighted average number of equity shares | 67173100 | 67173100 |
| Nominal Value per equity share ( ₹ ) | 10.00 | 10.00 |
| Basic / Diluted Earning per equity share ( ₹ ) | -29.80 | -38.62 |

### 34. SEGMENT REPORTING.

Since the company is manufacturing only Chemicals, there are no separate reportable primary and secondary segments and all the chemicals manufactured by the company are considered to have been representing as single reportable segment. The requirements of Accounting Standard 17 with regard to disclosure of segmental results are therefore considered not applicable to the company.

### 35. BALANCE CONFIRMATION

Balances of trade receivables, trade payables, loans, advances, other current assets and borrowings are subject to confirmation / reconciliation and subsequent adjustments.

### 36. Contingent Liabilities & Commitments

(₹ in Lakhs)

| | i) Contingent Liabilities | 2017-18 | 2016-17 |
|---|---|---|---|
| a) | Claims against the Company not Acknowledged as debts: | | |
| i) | Differential tax on account of concessional forms in respect of concessional sales | 105.62 | 281.92 |
| ii) | Income Tax Claims | 672.96 | 672.96 |
| iii) | Sales Tax / KVAT Claim/ESI | 1109.26 | 2441.80 |
| iv) | Excise Claims | 635.17 | 633.00 |
| v) | Customs duty | 277.18 | 277.18 |
| vi) | Rental claim Harchandrai House | 4925.77 | 4661.76 |
| vii) | Delayed Payment Charges claimed by BPCL | 1480.31 | 985.25 |
| vii) | Gratuity for School teachers & PLI | 108.81 | 108.81 |
| viii) | Other claims (P&A - Legal cases) | 253.94 | 1638.91 |
| | | 0.00 | 0.00 |
| c) | Bank guarantee given | 140.15 | 145.15 |
| d) | Guarantees given on behalf of the Subsidiary Company, Hindustan Fluoro-carbons Limited to Financial Institutions and Commercial Banks for securing loans and cash credit facilities. | 603.00 | 603.00 |
| e) | Security Bond given to Commercial Taxes Dept., Govt. of Kerala | 3053.30 | 3053.30 |
| | | 13365.47 | 15503.04 |
| ii) | Commitments: | | |
| i) | Other Commitments (Refer note - 28) | 0.00 | 7909.56 |

### 37 RELATED PARTY DISCLOSURE AS PER Ind- AS 24

a) The company is a Government related entity as the Government of India holds its major equity capital and therefore transactions with its related parties being other Government related entities have not been seperately disclosed herein in view of the exemption from such disclosure under Ind-As 24. These entities are the subsidiaries and joint ventures of the company and these transactions relate to investments, Loans and advances granted and interest earned/accrued on such loan and allowances for these current and non current assets created in the Balance Sheet to arrive at the fair value. The outstanding balances in respect of such transactions have been disclosed under the respective Notes .

As per Ind AS 24 (para 26), the disclosures of transactions with the related parties are given below:

List of related parties where control exists and also related parties with whom transactions have taken place and relationships:

(₹ in Lakhs)

| Sr. No. | Name of the Related Party Relationship | Relationship | Details of Transaction | Amt. of Transaction during 2017-18 | Outstanding at the end of the year (31.03.2018) | Amt. of Transaction during 2016-17 | Outstanding as on 31.03.2017 |
|---|---|---|---|---|---|---|---|
| 1a | Bharat Petroleum Corporation Ltd | Controlled by Government of India. | Purchase of Raw materials (LPG, Benzene & FO) | 15873.05 | 10609.67 | 6840.41 | 10849.92 |
| 1b | Bharat Petroleum Corporation Ltd | Controlled by Government of India. | Sale of Finished Goods (H2O2) | 184.77 | 21.91 | 46.53 | 21.91 |
| 1c | Bharat Petroleum Corporation Ltd | Controlled by Government of India. | Sale of 251 acres of Rasayani land out of the total agreed land area of 442 acres @₹ 140 Lakhs per acre. | 35140.00 | Nil | Nil | Nil |
| Trusts constituted by the Company | | | | | | | |
| 2a | HOCL Employees Provident Fund Trust, Rasayani | Managed by Trustees nominated by the company and the Employees' unions/ associations. | Company's contribution to Provident Fund | 392.03 | 132.41 | 448.38 | 2460.25 |
| 2b | HOCL Employees Provident Fund Trust, Kochi Unit | -do- | Company's contribution to Provident Fund | 283.97 | 44.97 | 295.60 | 1397.97 |
| 2c | HOCL Group Gratuity Trust | -do- | Nil | Nil | Nil | Nil | Nil |

REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (₹ in Lakhs)

| 2017-18 | Short-term employee benefits | Post-term employee benefits | Other long-term benefits | Termination benefits | Share-based payments | Total |
|---|---|---|---|---|---|---|
| A. Remuneration to Whole time Director, Managing Director and/or Manager: | | | | | | |
| Shri. S.B. Bhide, CMD | 21.85 | 3.51 | 0.00 | 0.00 | 0.00 | 25.36 |
| B. Remuneration to Other Directors | | | | | | |
| i) Govt. Nominee Directors | | | | | | |
| Ms. Meenakshi Gupta, AS&FA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Shri. Samir Kumar Biswas, JS | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| ii) Independent Directors | | | | | | |
| (Sitting fee paid to NOIDs for attending the Meetings of the Board/Committees) | | | | | | |
| Ms. Pushpa Trivedi,NOID | 0.65 | 0.00 | 0.00 | 0.00 | 0.00 | 0.65 |
| Mr. Mukesh Pareek,NOID | 0.70 | 0.00 | 0.00 | 0.00 | 0.00 | 0.70 |
| Ms. Lata Alker, NOID | 0.55 | 0.00 | 0.00 | 0.00 | 0.00 | 0.55 |
| C. Key Managerial Personnel | | | | | | |
| Mr. P.O. Luise, CFO | 17.03 | 2.33 | 0.00 | 0.00 | 0.00 | 19.36 |
| Mrs. Susheela S. Kulkarni, CS | 15.67 | 2.48 | 0.00 | 0.00 | 0.00 | 18.15 |
| | 56.45 | 8.32 | 0.00 | 0.00 | 0.00 | 64.77 |

(₹ in Lakhs)

| 2016-17 | Short-term employee benefits | Post-term employee benefits | Other long-term benefits | Termination benefits | Share-based payments | Total |
|---|---|---|---|---|---|---|
| A. Remuneration to Whole time Director, Managing Director and/or Manager: | | | | | | |
| Shri. S.B. Bhide, CMD | 19.94 | 3.24 | 0.00 | 0.00 | 0.00 | 23.18 |
| Shri. J.N.Suryawanshi, DM | 24.57 | 1.19 | 0.00 | 0.00 | 0.00 | 25.76 |
| B. Remuneration to Other Directors | | | | | | |
| i) Govt. Nominee Directors | | | | | | |
| Ms. Meenakshi Gupta, AS&FA | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Shri. Samir Kumar Biswas, JS | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| ii) Independent Directors | | | | | | |
| (Sitting fee paid to NOIDs for attending the Meetings of the Board/Committees) | | | | | | |
| Ms. Pushpa Trivedi,NOID | 0.50 | 0.00 | 0.00 | 0.00 | 0.00 | 0.50 |
| Mr. Mukesh Pareek,NOID | 0.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.10 |
| Ms. Lata Alker, NOID | 0.10 | 0.00 | 0.00 | 0.00 | 0.00 | 0.10 |
| C. Key Managerial Personnel | | | | | | |
| Mr. P.O. Luise, CFO | 15.26 | 2.23 | 0.00 | 0.00 | 0.00 | 17.49 |
| Mrs. Susheela S. Kulkarni, CS | 13.96 | 2.28 | 0.00 | 0.00 | 0.00 | 16.24 |
| | 74.43 | 8.94 | 0.00 | 0.00 | 0.00 | 83.37 |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

**Note-38 Financial Instruments**

**38a. Fair Value measurement hierarchy**

A Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

B Financial assets and liabilities measured at fair value-recurring fair value measurements :

(₹ in Lakhs)

| | As at 31st March, 2018 | | | | As at 31st March,2017 | | | | As at 1st April, 2016 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets :** | | | | | | | | | | | | |
| Loans | - | - | 204.94 | 204.94 | | - | 202.38 | 202.38 | | - | 142.29 | 142.29 |
| Trade Receivables | - | 370.26 | 439.00 | 809.26 | | 406.52 | 492.62 | 899.14 | | 228.91 | 377.41 | 606.32 |
| Investments | 5.00 | - | - | 5.00 | 5.00 | - | - | 5.00 | 5.00 | - | 5.00 | 10.00 |
| Cash and cash equivalents | - | 2.14 | 10904.28 | 10906.42 | | 134.35 | 341.47 | 475.82 | | 240.95 | 121.07 | 362.02 |
| Other Financial Assets | - | 6.63 | 361.02 | 367.65 | | 12.42 | 107.67 | 120.09 | | 16.84 | 101.62 | 118.46 |
| **Total Financial assets** | **5.00** | **379.03** | **11,909.24** | **12,293.27** | | **553.29** | **1,144.14** | **1,702.43** | | **486.70** | **747.39** | **1,239.09** |
| **Financial liabilities** | | | | - | | | | - | | | | - |
| Non Cumulative Preference share | - | - | 27000.00 | 27000.00 | | - | 27000.00 | 27000.00 | | - | 27000.00 | 27000.00 |
| Borrowings | - | 594.59 | 24557.26 | 25151.85 | | 1,009.29 | 6250.82 | 7260.11 | | 1,475.02 | 27592.74 | 29067.76 |
| Trade payables | - | 376.20 | 13265.59 | 13641.79 | | 290.16 | 16646.48 | 16936.64 | | 435.93 | -2371.65 | -1935.72 |
| Other current financial liabilities | - | 5,514.85 | 4703.11 | 10217.96 | | 4,783.42 | 22414.97 | 27198.39 | | 4,183.91 | -22107.96 | -17924.05 |
| **Total Financial liabilities** | **-** | **6,485.64** | **69,525.96** | **76,011.60** | **-** | **6,082.87** | **72,312.27** | **78,395.14** | **-** | **6,094.86** | **30,113.13** | **36,207.99** |

**38b. Categories of Financial Instrument**

**A Fair Values hierarchy :**

(₹ in Lakhs)

| | As at March31,2018 | | | | As at March31,2017 | | | | As at April 1,2016 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | FVTPL | FVOCI | Amortised Cost | Total | FVTPL | FVTPL | Amortised Cost | Total | FVTPL | FVTPL | Amortised Cost | Total |
| **Financial assets :** | | | | | | | | | | | | |
| Loans | | | 204.94 | 204.94 | | | 202.38 | 202.38 | | | 142.29 | 142.29 |
| Trade Receivables | | | 809.26 | 809.26 | | | 899.14 | 899.14 | | | 606.32 | 606.32 |
| Investments | | | 5.00 | 5.00 | | | 5.00 | 5.00 | | | 10.00 | 10.00 |
| Cash and cash equivalents | | | 10906.42 | 10906.42 | | | 475.82 | 475.82 | | | 362.02 | 362.02 |
| Other Financial Assets | | | 367.65 | 367.65 | | | 120.09 | 120.09 | | | 118.46 | 118.46 |
| **Total Financial assets** | **-** | **-** | **12,293.27** | **12,293.27** | | | **1,702.43** | **1,702.43** | | | **1,239.09** | **1,239.09** |
| **Financial liabilities** | | | | - | | | | - | | | | - |
| Non Cumulative Preference share | | | 27000.00 | 27000.00 | | | 27000.00 | 27000.00 | | | 27000.00 | 27000.00 |
| Borrowings | | | 25151.85 | 25151.85 | | | 7260.11 | 7260.11 | | | 29067.76 | 29067.76 |
| Trade payables | | | 13641.79 | 13641.79 | | | 16936.64 | 16936.64 | | | -1935.72 | -1935.72 |
| Other current financial liabilities | | | 10217.96 | 10217.96 | | | 27198.39 | 27198.39 | | | -17924.05 | -17924.05 |
| **Total Financial liabilities** | **-** | **-** | **76,011.60** | **76,011.60** | **-** | **-** | **78,395.14** | **78,395.14** | **-** | **-** | **36,207.99** | **36,207.99** |

**39-I. Reconciliation of Equity**

**The effect of the Company's transition to Ind AS is summarized as reconciliations of Equity, Profit and Total comprehensive income with Indian GAAP as explained below:**

1) Reconciliation of equity as previously reported under Indian GAAP to Ind AS.

2) Reconciliation of profit or loss and Total Comprehensive income as previously reported under Indian GAAP to Ind AS.

| Particulars | Reconciliation of equity as at 1 April 2016 (date of transition to Ind AS) | | | Reconciliation of equity as at 31st March 2017 | | |
|---|---|---|---|---|---|---|
| | As per Indian GAAP | Effects of transition to Ind AS | As per IND AS | As per Indian GAAP | Effects of transition to Ind AS | As per IND AS |
| **Assets** | | | | | | |
| **Non-current assets** | | | | | | |
| Property, plant and equipment | 12,278.15 | -158,225.80 | 170,503.95 | 10,911.12 | -157,818.52 | 168,729.64 |
| Capital work-in-progress | 442.20 | - | 442.21 | 436.16 | - | 436.17 |
| Intangible assets | 219.99 | - | 220.00 | 208.68 | - | 208.70 |
| Investment Property | | -5.08 | 5.08 | - | -5.08 | 5.08 |
| Other Intangible assets | - | - | - | - | - | - |
| Intangible assets under development | - | - | - | - | - | - |
| **Financial assets** | | | | | | |
| Investments | 5.00 | - | 5.00 | 5.00 | - | 5.00 |
| Loans | 194.59 | 98.96 | 95.63 | 189.17 | 98.91 | 90.26 |
| Other non current assets | | -220.80 | 220.80 | | -226.69 | 226.69 |
| | **13,139.93** | **-158,352.72** | **171,492.67** | **11,750.13** | **-157,951.43** | **169,701.54** |
| **Current assets** | | | | | | |
| Inventories | 3,873.15 | - | 3,873.15 | 4,928.71 | - | 4,928.72 |
| **Financial assets** | | | | | | |
| Trade receivables | 870.03 | - | 870.03 | 899.13 | - | 899.14 |
| Cash and cash equivalents | 475.17 | 12.63 | 462.54 | 489.37 | 13.55 | 475.82 |
| Loans | - | -46.66 | 46.66 | - | -112.12 | 112.12 |
| Other Financial assets | - | -209.29 | 209.29 | - | -120.09 | 120.09 |
| Short term loan & advances | 4,106.71 | 4,106.71 | - | 4,503.97 | 4,503.97 | - |
| Non current assets held for sale | - | -1,032.22 | 1,032.22 | - | -1,439.51 | 1,439.51 |
| Other current assets | 218.16 | -3,338.30 | 3,556.46 | 194.94 | -3,793.59 | 3,988.53 |
| | **9,543.22** | **-507.13** | **10,050.35** | **11,016.12** | **-947.79** | **11,963.93** |
| **Total Assets** | **22,683.15** | **-158,859.85** | **181,543.02** | **22,766.25** | **-158,899.22** | **181,665.47** |
| **Equity and liabilities** | | | | | | |
| Equity | | | | | | |
| Share capital | 33,726.96 | 27,000.00 | 6,726.96 | 33,726.96 | 27,000.00 | 6,726.96 |
| **Other equity** | | | | | | |
| Share Premium | 5,298.78 | -0.00 | 5,298.78 | 4,984.32 | - | 4,984.32 |
| Retained Earnings | -117,398.28 | -3,137.50 | -114,260.78 | -143,444.26 | -3,409.01 | -140,035.25 |
| Other comprensive Income | - | -140,026.08 | 140,026.08 | - | -140,242.97 | 140,242.97 |
| Non controlling interest | - | 1,186.75 | -1,186.75 | | 1,462.73 | -1,462.73 |
| **Total equity** | **-78,372.54** | **-114,976.83** | **36,604.29** | **-104,732.98** | **-115,189.25** | **10,456.27** |
| **Deferred Government Grant** | 1,971.25 | -0.00 | 1,971.25 | 1,801.94 | -0.00 | 1,801.94 |
| **Non-current liabilities** | | | | | | |
| Financial liabilities | | | | | | |
| Borrowings | 29,355.35 | - | 29,355.35 | 29,117.40 | 26,336.40 | 2,781.00 |
| Trade payables | - | -320.00 | 320.00 | - | -2,462.00 | 2,462.00 |
| Other financial liabilities | - | - | - | - | - | - |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| Particulars | Reconciliation of equity as at 1 April 2016 (date of transition to Ind AS) | | | Reconciliation of equity as at 31st March 2017 | | |
|---|---|---|---|---|---|---|
| | As per Indian GAAP | Effects of transition to Ind AS | As per IND AS | As per Indian GAAP | Effects of transition to Ind AS | As per IND AS |
| Long term provisions | 8,512.98 | - | 8,512.98 | 3,222.63 | 1,654.74 | 1,567.89 |
| Deferred Tax Liabilities | | -17,550.60 | 17,550.60 | - | -17,193.27 | 17,193.27 |
| Net employee defined benefit liabilities | | | | - | -1,654.74 | 1,654.74 |
| | 39,839.58 | -17,870.60 | 57,710.18 | 34,141.97 | 6,681.13 | 27,460.84 |
| **Current liabilities** | | | | | | |
| Financial liabilities | | | | | | |
| Non Cumulative Preference Shares | | -27,000.00 | 27,000.00 | | -27,000.00 | 27,000.00 |
| Borrowings | 4,488.22 | - | 4,488.21 | 4,479.11 | - | 4,479.11 |
| Trade payables | 14,594.83 | 320.00 | 14,274.83 | 19,398.62 | 2,461.98 | 16,936.64 |
| Other current financial liabilities | - | -307.01 | 307.01 | - | -27,198.39 | 27,198.39 |
| Provisions | 1,806.04 | - | 1,806.06 | 13,830.18 | - | 13,830.18 |
| Other current liabilities | 40,327.02 | 974.58 | 39,352.44 | 55,649.34 | 1,345.30 | 54,304.04 |
| | 61,216.11 | -26,012.43 | 87,228.55 | 93,357.25 | -50,391.11 | 143,748.36 |
| **Total liabilities** | 101,055.69 | -43,883.03 | 144,938.73 | 127,499.22 | -43,709.97 | 171,209.20 |
| **Total equity and liabilities** | 22,683.15 | -158,859.85 | 181,543.02 | 22,766.25 | -158,899.22 | 181,665.47 |

Note:

I. Fair valuation of Freehold land (under Property, Plant and Equipment) classified as Non-current assets held for sale: The Company have considered fair value for freehold land, situated in India, with impact of ₹ 1,58,225.80 Lakhs (as on 01.04.2016)

II Deferred Tax: The impact of transition adjustments together with Ind AS mandate of using balance sheet approach (against profit and loss approach in the previous GAAP) for computation of deferred taxes has resulted in charge to the Other Comprehensive income, on the date of transition, with consequential impact to the Statement of Other Comprehensive income for the subsequent periods.

III. All the other adjustmenet items relate to re-grouping of the balance sheet items in accordance with the disclosure requirements of presentation of balance sheet under Ind AS.

**Note-39II Reconciliation of statement of Profit & Loss and Other Comprehensive Income**

**Effect of Ind AS adoption on the Statement of Profit and Loss for the year ended 31st March , 2017**

**(₹ in Lakhs)**

| Particulars | As per Previous GAAP | Effects of transition to Ind AS | As Per Ind AS |
|---|---|---|---|
| Revenue from operations: | | | |
| Sale of products | 19635.07 | 1921.05 | 17714.02 |
| Less :- Excise Duty | 1913.07 | 1913.07 | 0 |
| | 17722 | 7.98 | 17714.02 |
| Other Income | 559.74 | -51.54 | 611.28 |
| **Total Income** | 18281.74 | -43.56 | 18325.3 |
| EXPENSES | | | |
| Cost of materials consumed | 7678.28 | 0.01 | 7678.27 |
| Excise Duty on sale of Product | - | - | - |
| Excise Duty on Closing stock | 83.56 | 83.56 | - |
| Purchases of Stock-in-Trade | - | - | - |
| Changes in Inventories of finished goods, Stock in Trade and work in progress | -1191.51 | -83.55 | -1107.96 |
| Employee benefits expenses | 11266.07 | -2103.59 | 13369.66 |
| Finance costs | 9746.9 | -2.95 | 9749.85 |
| Depreciation and amortization expenses | 899.14 | -0.01 | 899.15 |
| Provision for impairment loss on fixed assets | 513.31 | 0 | 513.31 |
| Other expenses | 12396.05 | -769.34 | 13165.39 |
| Total expenses | 41391.80 | -2875.87 | 44267.67 |

| Particulars | As per Previous GAAP | Effects of transition to Ind AS | As Per Ind AS |
|---|---|---|---|
| Profit / (Loss) before prior period adjustment, exceptional items and tax | -23110.06 | 2832.31 | -25942.37 |
| Less:- Prior period adjustment | 2934.01 | 2934.01 | 0 |
| Profit / (Loss) before exceptional items and tax | -26044.07 | -101.70 | -25942.37 |
| Less: Exceptional items | - | - | - |
| Profit / (Loss) before tax | -26,044.07 | -101.70 | -25,942.37 |
| Tax expenses : | | | |
| (1) Current tax | | | |
| (2) Deferred tax | | | |
| (3) Mat Credit utilised | | | |
| Profit / (Loss) for the period | -26,044.07 | -101.70 | -25,942.37 |
| **Other Comprehensive Income** | | | |
| Items that will not be reclassified to Profit or loss | | | |
| (i) Revaluation of Plant, Property & equipments | | | |
| Deferred Tax Assets on revalued of Properties | - | -357.33 | 357.33 |
| ii) Changes in defined benefit plan | | 103.99 | -103.99 |
| (iii) Re-measurement of the defined benefit plans | - | 144.89 | -144.89 |
| Other Comprehensive Income for the year (net) | - | -108.45 | 108.45 |
| **Total Comprehensive Income for the year** | (26,044.07) | (210.15) | (25,833.92) |

Note: The major effect arising on account of transition was due to classification of Prior period expenses as Employee benefit expenses of Holding Company amounting to ₹ 2207.59 Lakhs, other expenses of ₹ 669.05 Lakhs and other income ₹ 43.96 Lakhs. Deferred Tax amounting of ₹ 357.33 Lakhs in respect of Holding Company on account of Revaluation of Land considered under Other Comprehensive income.

**Note: 39-III**

**Effect of Ind AS adoption on the statement of Cash flows for the year ended March 31, 2017**

| Particulars | Year ended March 31, 2017 (Latest period presented under previous GAAP ) | | |
|---|---|---|---|
| | As per Indian GAAP | Effects of transition to Ind AS | As per IND AS |
| Net Cash flows from operating activities | 5947.27 | 0.92 | 5946.35 |
| Net Cash flows from investing activities | -18.83 | 0.00 | -18.83 |
| Net Cash flows from financing activities | -5914.24 | 0.00 | -5914.24 |
| Net Increase ( Decrease ) in cash & Cash equivalents | 14.20 | 0.92 | 13.28 |
| Net Increase ( Decrease ) in cash & Cash equivalents at the beginning of the year | 475.17 | 12.63 | 462.54 |
| Net Increase ( Decrease ) in cash & Cash equivalents at the end of the year | 489.37 | 13.55 | 475.82 |

**39-IV Based on the observations of Comptroller and Auditor General of India, following additions / revisions have been carried out :**

| Sl. No. | Note No. | Subject |
|---|---|---|
| a. | 9 | Cash and Cash Equivalents: |
| | | Deposits with original maturity of less than three months increased by ₹ 12.52 Lakhs. |
| b. | 10 | Other Financial Assets |
| | | Accrued Interest on Deposit increased by ₹ 1.26 Lakhs. |
| c. | 6b | Other Curent Assets |
| | | Statutory receivable - Duties and Taxes Increased by ₹ 2.74 Lakhs |
| d. | 12b | Retained Earnings |
| | | Profit / (Loss)- Loss increased by ₹ 29.15 Lakhs |
| c. | 14b | Trade Payables: |
| | | Increase in Trade payable by ₹ 11.81 Lakhs |
| d. | 15b | Short Term Provisions |
| | | Penal Interest on GoI loan additional provided ₹ 26.81 Lakhs |
| e | 19 | Other Liabilities: |
| | | Increase in liablities by ₹ 7.05 Lakhs. |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

| Sl. No. | Note No. | Subject |
|---|---|---|
| f | 21 | Other Income |
| | | Interest Income increase by ₹ 16.52 Lakhs (27.40+1.26-12.14) |
| g | 24 | Employee Benefit Expenses |
| | | Wage revision arrears ₹ 2207 Lakhs to Employees reclassified from Other Expenses (Prior Year expenses) to Employees Benefit Expenses in 2016-17. |
| h | 27 | Other Expenses |
| | | Increase in Repairs & Maintenance by 1.33 Lakhs, Admin Expenses by ₹ 17.53 Lakhs and GoI loan Penalty by ₹ 26.81 Lakhs |

**The following additional Notes / modification to Notes given in compliance with provisions of Ind AS.**

| | | |
|---|---|---|
| a. | 3d | Non- Current Assets held for sale, . |
| b. | 13(iv) | GoI loan Penal Interest on interest ₹ 24163 Lakhs not provided. |
| c. | 29c | Employee Benefit Plan on account amendment to Gratuity, Actuarial valuation assumptions. |
| d. | 37 | Related Party disclosure related to Subsidiary Company, Trusts and significant transaction with other Govt. Companies and Key Managerial Personnel. |
| e | 39I | Reconciliation of Equity. |
| f | 39II | Reconciliation of Statement of Profit and Loss |
| g | Cashflow statement | |
| h | 39III | Effect of Ind AS adoption on Cash Flow. |

**40. Notes to Statement of Profit and Loss and Other Comprehensive Income**

a) The Company has elected to continue with the carrying value for all its Property, Plant and Equipment as of April 1, 2016 measured under Indian GAAP as deemed cost as of April 1, 2016 (transition date) except Freehold Land where fair value (circle rate) has been considered as deemed cost.

b) Under Indian GAAP, the Company measured financial assets at cost. As at the transition date, the company recognised the provision for expected credit loss for certain financial assets as per the criteria set out in Ind AS 101. All the financials liabilities have been carried at amortized cost and such differences have been appropriately addressed.

c) Represents Deferred Tax adjustments on the Ind AS transition adjustments. However considering the losses of the company no current tax impact was given.

d) The Company recognises costs related to its post-employment defined benefit plan on an actuarial basis both under Indian GAAP and Ind AS. Under Indian GAAP, the entire cost including actuarial gains and losses and return on planned assets are charged to profit or loss. Under Ind AS, actuarial gains and losses and return on planned assets recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income.

e) Consequential sum of the adjustments carried out in the other comprehensive income net of tax implications thereon.

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

**For and on behalf of the Board of Directors**

**Sd/-**
**S.B. Bhide**
Chairman & Managing Director

**Sd/-**
**Ms. Pushpa Trivedi**
Director

**Sd/-**
**Mrs. Susheela S. Kulkarni**
Company Secretary

**Sd/-**
**P.O. Luise**
Chief Financial Officer

**Place:** Mumbai
**Date:** 27.08.2018

As per our report of even date
**For M.B. AGRAWAL & CO.**
Chartered Accountants
ICAI FRN 100137W

**Sd/-**
**Harshal Agrawal**
Partner
Membership No.109438

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